



Daily Report

China

**FBIS-CHI-88-042
Thursday
3 March 1988**

Daily Report China

FBIS-CHI-88-042

CONTENTS

3 March 1988

INTERNATIONAL AFFAIRS

General

Foreign Ministry on Indonesia, S. Korea, Cambodia	1
Commentary on Shultz' 'Difficult' Mideast Trip [RENMIN RIBAO 3 Mar]	1
UN Publishes Book on Foreign Direct Investment	1
World Maritime Organization Meets in Rome	2

United States & Canada

Wu Xueqian Arrives in Los Angeles 2 Mar	2
Dedicates Consulate General	2
Chrysler Contemplating Building Cars in Jilin	3
Pilot Recalls Kissinger's 'Secret Visit' [RENMIN RIBAO 28 Feb]	3

Soviet Union

Translation of Gorbachev's Book Published [Hong Kong TA KUNG PAO 2 Mar]	4
TA KUNG PAO on USSR Nationality Problems [Hong Kong 2 Mar]	5
First Joint Enterprise in Soviet Union Planned	5
Heihe Develops Transport Business With USSR	6
Soviet Local Official Visits Heilongjiang	6

Northeast Asia

Japanese Rally Marks Zhou's Birth Anniversary	6
Deng Yingchao Meets Japanese Women's Group	6

Near East & South Asia

Roundup Views UN Progress on Iran-Iraq War	7
Silk Industry Agreement Signed With Bangladesh	7

Sub-Saharan Africa

Zambian President Arrives in Guangzhou	8
Groups Send Support Message to Archbishop Tutu	8

West Europe

Commentary on NATO Summit, Solidarity	8
'News Analysis' on Summit Opening	9
Sino-British Joint Venture Exports Glass	9

NATIONAL AFFAIRS

CPC Organs View Strengthening Party Work	10
Magazine Calls Deng 'First' Among Leaders [AFP]	12
Circular on Work Reform at Police Stations	12
Serious Crimes Increasing, No Change Expected	13
Shanghai Hepatitis Cases Said To Reach 800,000 [Hong Kong SOUTH CHINA MORNING POST 3 Mar]	13
Audit Reveals Funds Allocated for Poor Misused [RENMIN RIBAO 29 Feb]	14

Paper Urges CPC Active Involvement in Arts	15
Minister Says More Inspiration Needed in Arts	16
Reevaluation of Arts, Literature Urged	16
BAN YUE TAN on Initial Stage of Socialism [10 Feb]	17
Article on Need for Policies in Reform [JIEFANGJUN BAO 8 Feb]	18
Country Still World's Top Supplier of Raw Silk	19
Light Industry Exports Expected To Exceed Target	20
Inflation Remains Worrisome, Say Economists	20
Measures To Invigorate Major Enterprises Cited	20
Interview Advocates Opening Stock Markets	21
Economic Meeting Welcomes Enterprise Mergers	22
Paper Examines Earnings, Spending Patterns	22
Paper Urges Replacing Household Contracts	23
Experimental Zones To Push Rural Reforms	23
Mayors Along Chang Jiang Discuss Development [Hong Kong LIAOWANG OVERSEAS EDITION 15 Feb]	24
Chen Muhua Encourages Savings Deposits	26
Tight Credit Not Affecting Rural Economy	26
Rural Profit-Investment Ratio Declines	26
Grain Price Drops Encourages Pig Breeders	27
Some University Graduates Find Own Jobs	27
Correction to Zhang, Song Attend Meeting	27

REGIONAL AFFAIRS

East Region

International Bidding Opens for Power Station	28
Chen Guangyi Attends Fujian Flower Show	28
Xiamen Pushing Ahead With Reform in 1988	28
Jiangsu Announces High Technology Zone	28
Jiangxi Congress Holds Committee Meeting	29
Shandong Conference on Foreign Trade Development	29
Shanghai Catholic Church Appoints Bishop	30

Central-South Region

Shenzhen, Hong Kong Cooperation Beneficial	31
Shenzhen To Open Further To Foreigners [Hong Kong HONGKONG STANDARD 3 Mar]	31
Hainan Holds Public Security Meeting	31
Hunan Stresses Spring Farming Mobilization	32
Hunan Meeting Proposes To Boost Agriculture	33
Hunan Warns of Imminent Electric Power Shortage	33

Southwest Region

Sichuan Meeting Stresses Support for Poor Areas	33
Xizang Political Prisoners Acknowledged	34
Xizang Monks Remain Hostile Toward Chinese [AFP]	35

Northeast Region

Heilongjiang Animal Husbandry Conference Ends	36
Heilongjiang Holds Conference on Sanjiang Plain	36
Heilongjiang Military Officials Attend Meeting	37
Jilin's Gao Di Attends Festival Tea Party	37
Liaoning Agricultural Work Conference Ends	37
Liaoning Family Planning Work Conference Ends	38
Liaoning Citizens Compete for Overseas Jobs	38

Northwest Province

Qinghai's Yin Urges Support for Poor Areas	38
Preferential Policies for Xinjiang Promulgated [Hong Kong WEN WEI PO 27 Feb]	38
Xinjiang Military District Holds Party Congress	39

PRC MEDIA ON TAIWAN AFFAIRS

Li Teng-hui's Personal Background Discussed [BAN YUE TAN 10 Feb]	40
Taiwan Lifts Ban on PRC Trade Information	40
Taiwan Further Relaxing Policy Towards Mainland	40
Taiwan Politicians Call for Contact With Mainland	41
Taiwan Studies Allowing Film Shooting on Mainland	41
Taiwan Relaxes Control Over East Europe Trade	42

HONG KONG & MACAO

Hong Kong

Council Not To Pay Emergency Defense Costs [HONGKONG STANDARD 2 Mar]	43
Exporters Concerned Over U.S. Trade Figures [HONGKONG STANDARD 2 Mar]	43
Local XINHUA Vice Director Appointed to CPPCC [SOUTH CHINA MORNING POST 1 Mar]	44

Macao

Sino-Portuguese Land Group Meets in Macao [XINHUA]	44
Portuguese Firms Invest More in Macao [XINHUA]	45

General

Foreign Ministry on Indonesia, S. Korea, Cambodia
HK021330 Beijing ZHONGGUO XINWEN SHE
in Chinese 1205 GMT 2 Mar 88

[Text] Beijing, 2 Mar (ZHONGGUO XINWEN SHE)—Foreign Ministry Spokesman Li Jinhua said that in resuming diplomatic relations between China and Indonesia, there is no problem on the Chinese side.

She made the remarks today when answering a question from an Australian Broadcasting Company reporter.

The spokesman said: The Chinese Government has made clear its position on Sino-Indonesian relations on many occasions, that China has never interfered in the internal affairs of other countries.

Li Jinhua today also denied the statement that China and South Korea would establish diplomatic relations. Touching on the Cambodia issue, the spokesman said: China's stand on supporting Norodom Sihanouk having direct dialogue with Vietnam remains unchanged. As a party concerned in the Cambodia issue, Vietnam ought to hold negotiations with Norodom Sihanouk.

Commentary on Shultz' 'Difficult' Mideast Trip
HK031044 Beijing RENMIN RIBAO in Chinese
3 Mar 88 p 6

["Commentary" by RENMIN RIBAO reporter Wang Shifang (3769 1102 5364): "Shultz' Difficult Mission"]

[Text] U.S. Secretary of State Shultz made a trip to Israel, Jordan, Syria, and Egypt from 25 to 29 February to advertise the United States' Middle East peace plan. Later he flew to London to hold talks with King Husayn of Jordan who was receiving medical treatment there.

Shultz has failed to attain the purpose of his current trip. Israel, Jordan, and Syria, respectively, made comments on the plan, but they did not explicitly express agreement. Although President Mubarak said that he is willing to cooperate with the United States in realizing the "package plan" on solving the Middle East question, he warned the United States that the scheme to solve the Palestinian question is outdated and that a new scheme should be worked out in light of the current situation.

Public opinion in Arab countries pointed out that Shultz' plan did not mention a word about recognizing the legitimate rights of the Palestinian people including their national right to self-determination. Moreover, the plan attempted to replace the international conference on maintaining peace in the Middle East held by the United Nations with the participation of the five permanent member states, the PLO, and relevant parties, with an international conference or a multiparty meeting with

the United States and the Soviet Union participating. Herein lies the reason why Shultz' plan has not been accepted by the Arab states.

In fact, Shultz himself will not be surprised at his plan getting bogged down. To put it bluntly, although Washington voiced many high-sounding phrases, it actually could not offer a peace plan acceptable to both Israel and the Arab states. On the occasion of U.S. elections and the lobbying by influential American Jews, how can the two parties in the United States force Israel to make a major concession? Moreover, it is unlikely that the United States will force the moderate Arab states into any compromise. Otherwise, the consequences would be dreadful to contemplate. The United States perfunctorily produced this fragmentary plan precisely under such a predicament.

Since there was no hope of success in his current trip, why did Shultz undertake this difficult job? Public figures here hold that, under pressure from the international community, the purpose of his trip was to comfort the moderate Arab states and show that the United States is still doing its utmost to solve the Middle East question, and to take the opportunity to suppress the struggles of the Palestinian people. Therefore Shultz will have to return empty-handed.

UN Publishes Book on Foreign Direct Investment
OW030315 Beijing XINHUA in English 0121 GMT
3 Mar 88

[Text] United Nations, March 2 (XINHUA)—A U.N. agency has urged principal investor countries to further ease their restrictions on technology transfer to China.

The U.N. Center on Transnational Corporations (UNCTC) put out a book this week entitled "Foreign Direct Investment in the People's Republic of China" in which it called on major foreign investors to "make available greater development assistance to China bilaterally and via international organizations." The 115-page book was based on documents presented at a round-table on foreign direct investment held in Beijing last May. UNCTC Executive Director Peter Hansen, Chinese Government officials and representatives from 16 international corporations participated in the forum.

The book notes that since 1979, China has been pursuing a policy of opening to the outside world and utilizing foreign capital with a view to accelerating the realization of its four modernizations.

China has made "active and effective efforts" to attract foreign direct investment by perfecting its legislation and improving its investment climate since then, it reports.

Between 1979 and 1986, China approved over 7,800 foreign investment and joint offshore-oil exploration and exploitation projects, with realized foreign investment totaling 6.6 billion U.S. dollars, according to the book.

The book gives a detailed analysis on China's investment priorities and the difficulties it faces in attracting foreign investment. It makes suggestions to both the Chinese Government and foreign investors on ways to improve investment climate and utilization.

It urges investor countries to offer tax, financing and other incentives to foster transnational corporations' investment in China, reduce protectionist barriers against Chinese exports and expand scientific and technical assistance to Chinese managers.

World Maritime Organization Meets in Rome
OW021057 Beijing XINHUA in English 0913 GMT
2 Mar 88

[Text] Rome, March 1 (XINHUA)—Representatives of the International Maritime Organization (IMO) nations met here today for a 10-day conference on measures to prevent terrorism at sea.

The meeting is expected to adopt two conventions—one designed to guarantee shipping safety and the other to safeguard oil platforms in continental shelves.

The treaties were sponsored by Italy and Austria following the kidnapping of the Italian cruise ship "Achille Lauro" from October 7 to 10 last year which resulted in the death of one American passenger.

Created in January 1959, IMO groups 131 countries and is aimed to promote international cooperation in maritime affairs and standardization in safety at sea, shipping efficiency and anti-pollution relevant to sea shipping.

More than 60 countries including China are represented at the current meeting.

United States & Canada

Wu Xueqian Arrives in Los Angeles 2 Mar
OW030219 Beijing XINHUA in English 0132 GMT
3 Mar 88

[Text] Washington, March 2 (XINHUA)—Chinese State Councillor and Foreign Minister Wu Xueqian arrived in Los Angeles this morning to start his visit to the United States at the invitation of U.S. Secretary of State George Shultz.

The Chinese foreign minister was met at the airport by Chinese Ambassador to the U.S. Han Xu, Consul General Ma Yuzhen of the Los Angeles Consulate General of

China, Los Angeles Mayor Tom Bradley, officials from the U.S. State Department and the City of Los Angeles, representatives of Chinese Americans, and Chinese students studying in the U.S.

Wu had a brief stopover in San Francisco earlier this morning, where he was received by Winston Lord, American ambassador to China, who made a special trip back home for the occasion.

Wu is scheduled to host a reception for the dedication of the Los Angeles Consulate General of China tonight. Tomorrow, he will begin to travel to New Orleans, Louisiana and Raleigh, North Carolina.

He is expected to arrive in Washington March 6 to meet with Shultz and Defense Secretary Frank Carlucci and other officials.

His visit will be highlighted by a meeting with U.S. President Ronald Reagan March 8.

The Chinese foreign minister will leave the United States March 9 for a visit to Britain.

Dedicates Consulate General
OW030910 Beijing XINHUA in English 0854 GMT
3 Mar 88

[Text] Washington, March 2 (XINHUA)—The Los Angeles Consulate General of the People's Republic of China was dedicated today in Los Angeles, the second largest city in the U.S.

This is the fifth consulate general established by China in the United States after New York, San Francisco, Houston and Chicago.

Chinese State Councillor and Foreign Minister Wu Xueqian, who arrived in the city for a visit to the country in the morning, presided over the reception for the dedication of the Los Angeles Consulate General this evening.

The Chinese foreign minister said at the dedication ceremony that the Los Angeles Consulate General will serve as another bridge for the further promotion of mutual understandings between the Chinese and American people and for the promotion of economic, trade, scientific and technological and cultural exchanges between the two countries.

He said the U.S. western coast had a longer history of contacts with China than the rest of the U.S. because of its geographical conveniences. In the recent years, China has developed an encouraging friendly cooperation relationship with regions in the U.S. west, especially in economic, trade, scientific and technological exchanges.

The Chinese foreign minister said that along with the deepening and acceleration of reform and all-round opening-up in China, the cooperative relationship

between China and California and other U.S. western states will become closer. The Los Angeles Consulate General of China will actively help promote the development of such friendly and mutual beneficial relationships, he added.

Los Angeles Mayor Tom Bradley, Los Angeles County's Chairman of the Board of Supervisors Mr. Dana, and some other American officials. [sentence as received] About 1,000 people attended this evening's dedication ceremony.

Ma Yuzhen, former director of the Information Department of the Chinese Foreign Ministry, has been appointed China's consul general of ambassadorial rank to Los Angeles.

Chrysler Contemplating Building Cars in Jilin
OW270538 Beijing XINHUA in English 0225 GMT
27 Feb 88

[Text] Beijing, February 27 (XINHUA)—A leading American car manufacturer is conducting feasibility studies into the production of complete vehicles at the First Auto Works (FAW) in Changchun, the capital of Jilin Province.

If the project goes through, it will be another step taken by the Chrysler Corporation to take a larger role in China's automobile industry, the "CHINA DAILY" reported today.

Last July, Chrysler and FAW signed an agreement for Chrysler to provide FAW with the technology and 48 major pieces of machinery to manufacture Chrysler four-cylinder engines. FAW is expected to turn out 150,000 engines a year in the first stage of production with a final target of 300,000 annually in the 1990s.

Gerald Greenwald, chairman of the board of Chrysler, declined to give details about the feasibility studies for the new Changchun project at a news conference in Beijing yesterday. He arrived here on Tuesday and will conclude his first trip to China today.

He said the project was the result of senior Chinese economic official Zhu Rongji's visit to the United States last year. During his visit, Zhu talked with the three largest U.S. automobile manufacturers, including Chrysler, about setting up a joint venture producing 30,000 cars a year in China. Production would increase in later stages.

On Thursday, Greenwald visited the Beijing Jeep Corporation, a joint venture in China with Chrysler.

Beijing Jeep Corporation, the oldest car equity joint venture in China, was begun in 1984 by the American Motors Corporation and became part of Chrysler last August. It is expected to turn out 4,000 Jeep Cherokees and 25,500 BJ-212s this year.

Pilot Recalls Kissinger's 'Secret Visit'
HK030251 Beijing RENMIN RIBAO in Chinese
28 Feb 88 p 7

[Article by Xu Boling (1776 2672 7881): "A Top-Secret Flight Arranged by Premier Zhou"]

[Text] As a pilot, I have been up in the blue skies on innumerable occasions. But prior to the announcement of the Sino-U.S. joint statement in 1971, Premier Zhou Enlai personally gave us the top-secret mission of piloting the special plane of Kissinger, a special envoy sent for a secret visit to China by then U.S. President Nixon. This event still remains fresh in my memory although 17 years have passed.

Late in the night of 27 June 1971, the eastern wing of the northern hall of the Great Hall of the People was brightly lit. Upon entering the meeting hall together with the leaders of the Civil Aviation Bureau, I could see Premier Zhou in the hall awaiting our arrival. He shook hands with us cordially and let us sit down. When we had sat down, Premier Zhou said: "The purpose of inviting you here tonight is to assign you a top-secret mission. U.S. President Nixon wants to send his special envoy Kissinger for a secret visit to China via the Pakistani capital city of Rawalpindi on a Boeing 707. You are required to send people to pilot the flight. As this mission is very important, a trial flight is necessary to learn the route well and to ensure safety in the flight." After a pause he continued: "This mission should remain absolutely confidential. The Pakistani Government is very friendly toward us. To ensure absolute confidentiality, President Yahya Khan has asked us to send our piloting personnel to Pakistan on a special plane." As the mission was of primary importance, the leaders of the Civil Aviation Bureau acted upon Premier Zhou's instruction and decided that I perform the mission together with another pilot and a radio operator. At that time I felt proud that I would take up this glorious yet difficult mission. But I was very nervous, too. Premier Zhou seemed to know what I was thinking. Before we left, he told us once again to be cautious and to report promptly on the situation to him through the relevant department.

On 3 July, a Yier-18 type special plane secretly took me, a pilot named Liu Zhiyi, and a radio operator named Wang Jinliang to Rawalpindi. The plane landed at a heavily guarded military apron. The Pakistani side had made full preparations beforehand. Without going through any inspection procedure, the Chinese ambassador's car took us directly to the Chinese Embassy in the company of the commander of the Chaklaia base. Our special plane flew back to Beijing immediately so as not to arouse suspicion among foreign reporters. Upon our arrival at the Chinese Embassy, we reported immediately on our situation to the relevant department in China.

On 4 July, our piloting group met the Pakistani pilots in the Chinese Embassy and discussed with them the trial flight plan. We told them in detail about the air route we would take, our piloting equipment, and the situation in our airports. On 6 July, Pakistan sent a Boeing 707 on a trial flight to Beijing under our guidance. The plane landed safely at Beijing Nanyuan Military Airport. Arranged by Premier Zhou, four persons from the Chinese Ministry of Foreign Affairs, including Zhang Wenjing were waiting at the airport. After refueling, we returned to Rawalpindi together with them, thereby completing the trial flight successfully.

On the evening of 7 July, President Yahya gave a banquet at the Presidential Palace for the Chinese friends who had performed the mission. Among those present from the Pakistani side were the Army chief of staff, the secretary of state affairs, the secretary of foreign affairs, and the chairman of the Security Commission. President Yahya was hospitable, friendly, and easy to approach and showed particular cordiality for the Chinese friends who had been sent here on a special mission by Premier Zhou. At the banquet, President Yahya spoke highly of the great efforts Chairman Mao Zedong and Premier Zhou Enlai were devoting to the development of Sino-U.S. relations. When President Yahya learned that I had flown Premier Zhou on a special plane on many occasions, he said humorously: "If Premier Zhou visits Europe by way of Pakistan, we will cordially invite him to visit the country. If he refused, I would order all the fighter planes to intercept his plane and force it to land in Islamabad. You can report to Premier Zhou that I would do this because the Pakistani people long for him." I was deeply moved by President Yahya's remarks.

Early on the morning of 9 July, just as dawn broke, I boarded the special Boeing 707 plane along with some comrades including Zhang Wenjing. Half an hour later, six people including Kissinger and Lord, the present U.S. ambassador to China, boarded the special plane in the company of the secretary for the Pakistani Foreign Affairs Ministry. Estrangement had existed for 20 odd years between China and the United States. When we were shaking hands under this secret and special situation, I was deeply convinced that a new chapter would appear in the history of Sino-U.S. relations. Everybody on board the plane was a little reserved in the beginning. Kissinger really deserved to be called a diplomat with rich experience. He said humorously: "I am going to China very secretly today. No one else knows about it. I didn't even tell my guard when I got up this morning. He will be worried to death when he can't find his boss. He'll think his boss has been kidnapped! But it doesn't matter, the Pakistani side will tell him I have gone to the Presidential Palace. This morning Pakistani newspapers will say I am having stomach trouble and need a rest. No one will suspect I am going to China." His remarks made everyone laugh, and the atmosphere in the cabin became very relaxed at once.

When the plane was entering China's territorial air space, Kissinger kept looking through the window at the beautiful mountains and rivers below. The special plane landed at Beijing Nanyuan Airport at 1200 sharp, Beijing time.

Premier Zhou Enlai held 3 days of secret talks with special envoy Kissinger. The XINHUA News Agency issued a communique on 16 July stating: "Premier Zhou Enlai and Dr Kissinger, assistant to President Nixon for national security, held talks in Beijing from 9 to 11 July 1971. We have been informed that President Nixon has expressed the hope to visit the PRC. On behalf of the PRC Government, Premier Zhou Enlai has invited President Nixon to visit China at his convenience before May 1972. President Nixon has accepted this invitation happily. The talks between the Chinese and U.S. leaders are for the purpose of normalizing the relations between the two countries and exchanging views on issues of common interest to both sides." The announcement of the communique caused strong repercussions throughout the world and brought glad tidings to the Chinese and American people and to the people in the rest of the world as well. This was a major contribution made by Chairman Mao, Premier Zhou, and President Nixon to the people of the world.

Premier Zhou worked his heart out for the development of Sino-U.S. relations. He told some of the working personnel after his meeting with Kissinger that he would take the first Chinese plane bound for the United States after the opening of the air route between the two countries following the establishment of Sino-U.S. relations. Unfortunately, he left us too early.

On 7 January 1981, air routes between China and Los Angeles and New York were formally opened to traffic. I headed the crew on the first flight from Beijing to Los Angeles. When the plane, on which the words "Chinese Civil Aviation" were written in a facsimile of Premier Zhou's handwriting, landed at Los Angeles airport, we were accorded a warm welcome by friends from all walks of life. The mayor of Los Angeles made an enthusiastic speech at the welcoming ceremony. My eyes were brimming with tears when I recalled Premier Zhou's wish before this exciting scene.

Soviet Union

Translation of Gorbachev's Book Published

HK021451 Hong Kong TA KUNG PAO in Chinese
2 Mar 88 p 1

[Special Dispatch by reporter Kung Shuang-yin (7255 71750603): "Chinese Translation of Gorbachev's Book 'Reforms and Thinking' Published in Beijing"]

[Text] Beijing, 1 Mar—The Chinese translation of "Reforms and New Thinking", a book written specially by General Secretary of the CPSU Central Committee Mikhail Gorbachev to explain Soviet internal and external policies in the context of its reforms, has been published by the Xinhua Publishing House.

Gorbachev wrote "Reforms and New Thinking" at the request of a U.S. publisher. In November 1987, the Soviet Union's political books publishing house and Harper and Row of the United States published the book in Russian and English, respectively. In the book, Gorbachev reviews a series of major historical issues, such as Stalin's industrialization and agricultural collectivization in the 1930's, the 20th CPSU National Congress, Khrushchev's policy, the economic reforms started by Brezhnev and Kosygin in 1965; gives a detailed account of the origins and substance of the Soviet Union's current reforms, including measures adopted, steps to be taken, and problems and prospects; and elaborates on the Soviet Union's new foreign policy thinking, including its new thinking on the country's relations with China, the United States, Europe, Asia, the Middle East, and Latin America. According to its translator, the book will enable readers in China to have a better understanding of the Soviet Union's internal and external policies and will be beneficial to China's current reforms.

TA KUNG PAO on USSR Nationality Problems
HK021540 Hong Kong TA KUNG PAO in Chinese
2 Mar 88 p 2

["Political Talk" by Shih Chun-yu (2457 0689 3768):
"Hidden Worry About the Minority Nationalities Problem in the Soviet Union"]

[Text] Nationality Conflicts Occurred in Azerbaijan
[subhead]

Recently, demonstrations occurred one after another in some areas inhabited by minority nationalities. According to the latest news reports we received yesterday, another racial conflict occurred in the industrial city of Sumgait in the Azerbaijan Republic. A spokesman for the Foreign Ministry in Moscow also affirmed that martial law has been imposed in this city. According to reports by foreign news agencies, Soviet Army tanks have been sent to this city. This indicates that the minority nationality problems in the Soviet Union have become more serious.

The first mass demonstrations known to the outside world occurred in Yerevan, capital of the Armenian Republic, on 23 February. The demonstrators demanded that the autonomous region of Nagorno-Karabakh, which was brought within the jurisdiction of the neighboring republic of Azerbaijan in 1923, be returned to Armenia, because over 80 percent of the residents in that region are Armenian Christians, who share no common religion, language, culture, and customs with the Muslim Azerbaijan people. Now, the Armenians in Nagorno-Karabakh are suffering from racial discrimination under Azerbaijan jurisdiction, and have formed deep resentment and grievances.

Mass Rallies of Over 1 Million People in Armenia
[subhead]

More seriously, over 1 million Armenian people participated in mass rallies. The demonstrators were not only residents of Yerevan, but also included Armenian people from other parts of the republic. They poured into Yerevan by train, bus, and air to reinforce the demonstrations. These were unprecedented large-scale demonstrations by minority nationalities in the Soviet Union. According to a report by the local Communist Party organ, conflicts occurred between Armenians and Azerbaijanis during the demonstrations, and caused at least 2 deaths and 16 to 18 injuries. The dispatches by foreign news agencies said that the conflicts occurred 10 days ago and many factories and schools were closed.

Gorbachev Issued Personal Appeal [subhead]

Gorbachev issued a personal appeal to the people in the two republics, and asked them to demonstrate a citizen's sense of responsibility and restraint, to guard against plots by some bad people to sow discord among them. In addition, the CPSU Central Committee has sent two Politburo members as troubleshooters to Armenia and Azerbaijan.

It Is Not Easy To Solve Such Complicated Problems
[subhead]

In recent years racial contradictions in the Soviet Union have become sharper. The fundamental factor is the struggle against the oppression and discrimination of the Russians, and the immediate factors that fuel the struggle include the increase in the population of the minority nationalities to nearly 50 percent of the total population of the Soviet Union. If this tendency continues, the Russian nationality itself will become a minority nationality, as its population proportion in the country keeps declining.

On the other hand, the three small Baltic republics of Estonia, Latvia, and Lithuania, which were annexed by Stalin in 1940, have always been unwilling to remain inside the "big socialist family," and mass movements demanding independence have occurred from time to time. With the in-depth development of reform in the Soviet Union the long-standing nationality contradictions are becoming more and more apparent, and this has caused serious concern in the CPSU central leadership. It has been decided to hold a minority nationality work conference in May in order to solve the nationality contradictions. However, the nationality problems are rather complicated and are entangled with religious differences, so it is never easy to mitigate them. They will cause much trouble in the future.

First Joint Enterprise in Soviet Union Planned
OW021216 Beijing XINHUA in English 1057 GMT
2 Mar 88

[Text] Moscow, March 1 (XINHUA)—The Beijing Hotel in Moscow will become the first Sino-Soviet joint venture enterprise in the Soviet Union.

Under an agreement signed here today, the Soviet side will contribute 51 percent of the total investment in the hotel joint venture and China 49 percent.

The hotel has four restaurants, two of which charge foreign exchanges, and 25 to 30 Chinese chefs will work together with Soviet chefs.

The accord is expected to lead to greater economic cooperation between the two countries.

Heihe Develops Transport Business With USSR
SK020759 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 1 Mar 88

[Text] The ice-vehicle transport line—a small border trade between our country's Heihe City and Blagoveshchensk City in Soviet Union—resumed service on 18 February. During the first 10 days of its business operation, the transport team of the Heihe border trade company which is comprised of 6 Dongfeng-brand trucks, transported 45 truckloads of chemical fertilizers and 75 truckloads of cement from the Soviet side. In the near future, timber and other products will be transported from the Soviet side.

The Soviet side will transport fruits, garments, and daily necessities from our side. Arrangements are being made to transport these products.

Soviet Local Official Visits Heilongjiang
OW030611 Beijing in Russian to the USSR 1800 GMT 2 Mar 88

[Text] The 2d day of March, or 15 January of the Year of the Dragon, according to the Chinese lunar calendar, is the Yanxiao, our traditional festive day. On this occasion, the border mountain city of Suifenhe in Heilongjiang Province hosted the Lantern Festival.

A four-man delegation headed by (Rozhinko), chairman of the Rayon Soviet Executive Committee and counselor of the Soviet-Chinese Society of the USSR Pogranichny Rayon was invited to attend.

In order to promote the further development of border trade between the two countries in this city, a border trade exhibition opened at the time of the festival. Its opening was attended by more than 500 figures of economic and trade circles of Mudanjiang Prefecture of this province.

Northeast Asia

Japanese Rally Marks Zhou's Birth Anniversary
OW022307 Beijing XINHUA in English 1720 GMT 2 Mar 88

[Text] Tokyo, March 2 (XINHUA)—A rally of Japanese leaders, citizens, and foreign dignitaries here tonight marked the 90th birthday anniversary of the late Chinese Premier Zhou Enlai.

Among the 250 people attending the rally were 49 members of the Japanese Diet (Parliament), the Japanese ruling and opposition parties' leaders, Soviet Ambassador to Japan Nikolay Solovyev, U.S. charge d'affaires ad interim to Japan Desaix Anderson, Japanese friends, and Chinese Embassy officials here.

The memorial rally at the New Hotel Otani opened after a few minutes' silence with participants expressing the desire to follow Zhou's lead in developing Japan-China friendship.

In a message to the rally, Japanese Prime Minister Noboru Takeshita noted that 1988 is the 10th anniversary of the signing of the Japan-China Treaty of Peace and Friendship. He added that Japanese and Chinese sides plan to hold various celebrations this year to mark the anniversary. Today's rally is significant and adds happiness to the anniversary, he said.

Takeshita said he will cherish the memory of Zhou's great achievements and work to develop Japan-China friendship and cooperation.

Chinese Ambassador to Japan Zhang Shu also spoke at the rally.

Former Japanese Prime Minister Yasuhiro Nakasone and other Liberal Democratic Party leaders offered flower baskets.

Deng Yingchao Meets Japanese Women's Group
OW022321 Beijing XINHUA in English 1505 GMT 2 Mar 88

[Text] Beijing, March 2 (XINHUA)—Deng Yingchao, honorary president of the Chinese People's Association for Friendship With Foreign Countries, met Tenkoko Sonoda, leader of a 230-member delegation of Japanese Women for Japan-China Friendship and Exchanges, here this evening.

The delegation in 16 groups is composed of female workers from art, education and sports circles. The groups' leaders also attended the meeting.

Deng extended a warm welcome to the delegation, which was to give performances of music and dance for Chinese audiences here Thursday evening.

Deng said that Sino-Japanese cultural exchanges have a time-honored history and the two countries' cultures have developed while learning from each other.

Deng said she believed that the delegation's visit would further promote friendship and mutual understanding between the two peoples, including women's groups.

She said the two peoples, who suffered from the tragedy of war in the past, are now confronted with the task of safeguarding peace and developing friendship between the two countries.

She hoped that such friendship would develop in a long-term and stable way.

Sonoda, president of the Women's Union of the Japanese Liberal Democratic Party and widow of late Japanese Foreign Minister Sunao Sonoda, had previously met Deng on several occasions. She said she would continue her efforts to develop the bilateral friendship.

Kang Keqing, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and Chairman of the All-China Women's Federation, also met Sonoda and her party here this evening. Later Kang gave a dinner for the Japanese visitors.

Near East & South Asia

Roundup Views UN Progress on Iran-Iraq War *OW020121 Beijing XINHUA in English 1528 GMT 1 Mar 88*

["Roundup: U.N. Continues Work To End Iran-Iraq War" by Qian Wenrong — XINHUA headline]

[Text] United Nations, February 29 (XINHUA)—The U.N. Security Council is working on a draft resolution to enforce an arms embargo against nations that refuse to comply with the U.N. call for an end to the eight-year Iran-Iraq war, U.S. Ambassador to the U.N. Vernon Walters said today.

Still, many doubts remain that even if approved, an embargo would be unenforceable.

Walters, this month's Security Council president, told reporters that the proposed draft enforcement resolution was still being discussed by the council members. No consensus had been reached even among the five permanent members — China, Britain, France, the United States and the Soviet Union, he added.

However, he said he is confident that the resolution can be passed. "I get the feeling from Moscow," he said.

The Soviet Union has changed its position since Mikhail Gorbachev indicated publicly that his country is not against an arms embargo against Iran although he expressed doubt that such a sanction would be observed.

Walters confirmed that the United States and the Soviet Union have agreed on a revised draft resolution that calls for an end of arms sales to Iran. But the measure would be delayed for 30 days while U.N. Secretary-General Javier Perez de Cuellar continues negotiations with the two warring parties.

Observers here believe that this new development might be a result of [Secretary of] State George Shultz's recent trip to Moscow.

According to well-informed sources, there have been continuous private consultations on the issue among the 15 council members or the five permanent members since the Security Council stated its determination in late December to consider "further steps" to implement Resolution 598.

Britain recently tabled a draft resolution which says "Iran has failed to comply with Resolution 598" and calls for an arms embargo.

However, no agreement was reached among the council members. Many of the representatives from the non-aligned countries had reservations about the sanction proposal.

Iran warned in mid-February that any resolution calling for an arms embargo against it would halt the U.N. secretary-general's peace effort for ending the war.

A senior official of the Iranian mission to the U.N. told XINHUA this evening that Iranian Foreign Minister Ali Akbar Velayati had sent a letter to Perez de Cuellar to reaffirm Iran's position of accepting in principle the U.N. chief's outline for implementing Resolution 598 and the agenda for the implementation.

In the telephone interview with XINHUA, the Iranian diplomat refused to reveal details of today's letter and declined to make any comment on the proposed new draft enforcement resolution.

Many people doubt whether an arms embargo would ever at all halt weapons sales to Iran.

The U.S. newspaper "CHRISTIAN SCIENCE MONITOR" said in an editorial February 24 that "a ban on arms sales would be largely symbolic. Such efforts are difficult to police."

Some U.N. officials even worry that things might get worse if such a resolution is passed.

Many U.N. members still express hope that the U.N. chief should be encouraged to continue his peace mediation effort.

Silk Industry Agreement Signed With Bangladesh *OW280455 Beijing XINHUA in English 1554 GMT 27 Feb 88*

[Text] Dhaka, February 27 (XINHUA) — Bangladesh today signed here an agreement with China for the development of the country's silk industry.

Under the agreement, China will send a five-member silk experts team to Bangladesh to examine the possibilities of developing and modernizing the country's largest silk factory in the northwest.

The team will consist of weaving, coloring, printing and designing experts.

The agreement is the primary step that the Bangladesh Government is going to take for the development of the country's silk industry.

Sub-Saharan Africa

Zambian President Arrives in Guangzhou
OW022329 Beijing XINHUA in English 1510 GMT
2 Mar 88

[Text] Guangzhou, March 2 (XINHUA)—Visiting Zambian President Kenneth David Kaunda, his wife and their party arrived here this evening on a visit to south China's Guangdong Province.

At the airport, Kuang Ji, deputy governor of Guangdong Province, greeted the Zambian visitors, who were accompanied by Chinese Minister of Communications Qian Yongchang.

Kaunda and his party left Beijing for Xian this morning. They were welcomed at a luncheon hosted by Hou Zongbin, governor of Shaanxi Province after their arrival in Xian. They visited the museum displaying excavated terracotta horses and warriors and the provincial museum this afternoon.

Groups Send Support Message to Archbishop Tutu
OW021926 Beijing XINHUA in English 1430 GMT
2 Mar 88

[Text] Beijing, March 2 (XINHUA)—Two Chinese non-governmental organizations today sent a message of support to South African Archbishop Desmond Tutu for his recent act against apartheid in South Africa.

Tutu was Monday arrested during a peaceful demonstration against Pretoria's racist policy. He was released later following strong pressure from international communities.

The message from the Chinese People's Association for Peace and Disarmament and the Chinese Association for International Understanding condemned the "criminal activity committed by South African authorities in violating human rights and trampling on democracy."

The message said that it was yet "another savage act of the regime against South African people."

Pretoria's ban on the country's anti-apartheid organizations from any political activities was illegal, the Chinese organizations added.

The associations also expressed their admiration for Tutu's consistent efforts in opposing apartheid and safeguarding peace and justice.

West Europe

Commentary on NATO Summit, Solidarity
OW021801 Beijing XINHUA in English 1700 GMT
2 Mar 88

"Commentary: NATO Summit — A Show of U.S.-European Solidarity (by Le Zude)" — XINHUA headline]

[Text] Brussels, March 2 (XINHUA)—President Ronald Reagan is expected to reaffirm U.S. commitments to West Europe's defense to heads-of-government of its allies at the NATO summit opening here today in another effort to alleviate their misgivings about U.S.-Soviet arms control deals.

West European nations have been skeptical about the "overhead diplomacy" the United States has been conducting with the Soviet Union since the Reykjavik summit in 1986. Whether their interests will be harmed in the two superpowers' deals and to what extent the United States will continue to fulfill its commitments to Western Europe are at the heart of their worries.

In the post-World War II period, West European nations have banked on the U.S. nuclear umbrella and its troops stationed in Europe to counter the threat of the Warsaw Pact. Although the removal of intermediate-range missiles under the INF treaty will reduce the dangers of nuclear conflicts in Europe, it will dampen NATO's nuclear deterrent strategy and thus expose it to the threat of the Warsaw Pact's superior conventional forces and short-range missiles.

Besides, the removal of U.S. land-based medium-range missiles in Europe, a major link in the European-U.S. joint defense, would doubtlessly mean a weakening of the U.S. commitments. What is more, the U.S. Government, shocked by last fall's plunging stock markets, has announced plans to slash 76 billion U.S. dollars in its financial deficit, including cuts in defense spending. Not long ago, about 20 "thinkers" in U.S. political circles submitted a report entitled "Selective Dissuasion" to the government, taking issue with the present European defense strategy.

In view of their respective economic interests and economic strengths, West Europe cannot establish an independent defense force of its own in the near future, and has to depend on the joint defense with the United States for a long time to come. This explains why any moves on the other side of the Atlantic intimating a decoupling of their joint defense would be watched closely in Europe.

To pacify fears, the United States has repeatedly dispatched its secretary of state and defense secretary to NATO headquarters to brief them on progress in arms control talks with the Soviet Union. The U.S. has frequently stressed that it still will have more than 4,000 pieces of nuclear weapons in Europe after the medium-range rockets are scrapped and that it has no plans to pull its some 300,000 troops out of Europe.

On the eve of the current NATO summit, Reagan pledged that the reservations of some NATO allies will be taken into full account in arms control talks with the Soviet Union. In a televised speech to Western Europe last week, Reagan said the "Atlantic alliance is the core of America's foreign policy and America's own security," and that "an attack on Munich is the same as an attack on Chicago."

Nevertheless, as is known to all, it is primarily out of their own considerations that the United States and the Soviet Union struck a deal on medium-range missiles. Since coming into office in 1981, the Reagan administration has made an all-out military effort that has included huge deficits and debts. The United States now spends 150 billion dollars on NATO defense, or 47 percent of its total military outlay. This explains why it has asked West European nations to beef up their own defense to relieve its military burden.

On the other side of the coin, however, the United States has vital political and economic stakes in Western Europe and the continent remains its strategic center. Its own security would be jeopardized if it gives up its defense commitments in Europe. There is something more than diplomatic rhetoric in what Reagan told his NATO allies: "Preservation of a peaceful, free and democratic Europe is essential to the preservation of a peaceful, free and democratic United States."

Besides, any attempt by the U.S. and the Soviet Union at easing international tensions can hardly prove effective if it is done without the collaboration of Western Europe, a mounting political and economic force to be reckoned with in the world. Moreover, any haste in wresting cuts in defense commitments to Europe would not help its negotiating position with the Soviet Union. Nor will it allow the Soviet Union, using disarmament as a leverage, to easily drive a wedge in relations between the United States and its NATO allies. The adamant words Reagan has used in the last year of his eight years in office in pacifying West European partners cannot be seen as merely empty words.

"Our first priority is to maintain a strong and healthy partnership between North America and Europe," Reagan said before departing for the NATO summit on Tuesday.

The United States sees the NATO summit as another chance to remove Western Europe's misgivings and to coordinate their stands, in a show of NATO solidarity to underpin its position in preparation for the fourth U.S.-Soviet summit this May.

'News Analysis' on Summit Opening

OW022313 Beijing XINHUA in English 1450 GMT
2 Mar 88

["News Analysis: NATO Summit Opens Amid Hopes and Differences" by Liu Yongsheng — XINHUA headline]

[Text] Brussels, March 2 (XINHUA)—Heads of the 16 NATO member states began their two-day summit today to exchange views on East-West relations, U.S.-Soviet nuclear disarmament talks, NATO defense strategy and the situation after the INF accord.

The summit takes place after the two superpowers signed the intermediate nuclear forces (INF) treaty and before the fourth round of U.S.-Soviet summit scheduled to be held in May.

At the summit, the United States will reportedly reiterate its defense commitment to its European allies and coordinate the allies' stand in defense strategy and future disarmament negotiations in an attempt to show the unity and cohesion of NATO and to strengthen the U.S. position in the next superpower summit.

In remarks prepared for a White House ceremony marking his departure to Brussels yesterday, U.S. President Ronald Reagan said the summit would reaffirm the alliance principles.

But he noted the Brussels summit would do more than just celebrate the INF treaty and other NATO achievements over the past years since the last NATO summit in 1982.

"Our first priority is to maintain a strong and healthy partnership between North America and Europe, for this is the foundation on which the cause of freedom so crucially depends," Reagan said.

U.S. NATO allies have expressed their anxieties in one way or another about the threat from the Soviet Union's superior conventional armed forces after the withdrawal of the INF.

Differences also seems to have emerged among NATO allies over the modernization of tactical weapons — missiles within a range of less than 500 kms — artillery shells and bombs.

Sino-British Joint Venture Exports Glass

OW030319 Beijing XINHUA in English 0243 GMT 3 Mar 88

[Text] Shanghai, March 3 (XINHUA)—The Shanghai Yaohua Pilkington Glass Co. Ltd, a Sino-British joint venture, shipped 50 tons of 2mm and 3mm glass plates to Hong Kong as its first batch of export products Wednesday.

A spokesman for the firm said that it has also received orders for 20,000 tons of glass from Japan, the United States, and Singapore.

Starting operations December 27 last year, the biggest British capital investment in China is now able to produce glass ranging in thickness from 2mm to 25mm.

Since the joint venture has adopted the advanced "float process" from the British company, the quality of Chinese glass has greatly improved.

CPC Organs View Strengthening Party Work
OW030201 Beijing XINHUA Domestic Service
in Chinese 2358 GMT 27 Feb 88

[Text] Beijing, 28 Feb (XINHUA)—The Organization Department of the CPC Central Committee, the party committee of departments under the CPC Central Committee, and the party committee of central state organs jointly submitted to the party Central Committee their "Views on the Strengthening and Improvement of Party Work in Central Party and Government Organs."

In their "views," the Organization Department of the CPC Central Committee, the party committee of departments under the CPC Central Committee, and the party committee of central state organs said: "With the strengthening of political restructuring, especially with the separation of the functions of the party and the government, party organizations in government departments are being abolished step by step, and a system of full responsibility for the leaders of administrative organs is being instituted. In this situation, the party organizations of departments under the party Central Committee and of central state organs must further define their functions according to the guidelines of the 13th party congress, change ideas and work methods that are incompatible with the new situation, effectively strengthen party building, and conscientiously do party work."

"For years, the party organizations of departments under the party Central Committee and of central state organs have done a lot of work ideologically, organizationally, and in workstyle, playing a given role. However, because of their vaguely defined responsibilities in handling some problems and their lack of a clear understanding of the importance of party building in central organs, these party organizations have done a lot of administrative work. As a result, they have not been able to effectively strengthen themselves, nor have they been able to bring their role into full play."

The Organization Department of the CPC Central Committee, the party committee of departments under the CPC Central Committee, and the party committee of central state organs studied how to strengthen and improve party work in central party and state departments in the spirit of reform and according to the principles of separating party from government, the party handling party affairs, being strict with party members, improving efficiency, and increasing vitality. Following the study, they submitted to the party Central Committee their suggestions on the organizational system and main tasks of party organizations in central organs as well as on inner party supervision and the setting up and staffing of work offices in such party organizations.

On the organizational system of party organizations in central organs, the Organization Department of the CPC Central Committee, the party committee of departments

under the CPC Central Committee, and the party committee of central state organs proposed: In the course of political restructuring, party organizations in government departments are being abolished step by step according to the principle of separating the functions of the party from those of the government. Thus, the work of party organizations in central organs will become even more arduous. To clearly define responsibilities, rationalize relations, reduce links, improve efficiency, and strengthen party building in central organs, it is proposed that the party committee of departments under the CPC Central Committee and the party committee of central state organs be respectively changed to the work committee of departments under the CPC Central Committee and the work committee of central state organs as the party Central Committee's agencies for leading party work in such central party and state organs.

The main functions of the work committees are: to plan for party building in central party and state organs, guide primary party organizations in strengthening themselves ideologically, organizationally, and in workstyle, and supervise and educate party members; be responsible for examining and approving the secretaries and deputy secretaries of party committees and discipline inspection commissions of various departments; guide party organizations at various levels in supervising party members, especially those who are leading cadres, and promptly report to the party Central Committee on conditions in the leading bodies of various ministries, commissions, offices, and bureaus and among their leading cadres. They will also carry out other tasks assigned by the party Central Committee. From now on, the work committees will not make duplicate arrangements for performing tasks for which arrangements are clearly made by the party Central Committee. They will mainly strengthen their supervision and inspection and give full play to the initiative and enthusiasm of the party committees of various organs in work.

The Organization Department of the CPC Central Committee, the party committee of departments under the CPC Central Committee, and the party committee of central state organs also put forward concrete suggestions on how the leading members of the two work committees should come into being as well as on the executive organs of the work committees and the structure of the discipline inspection commissions of departments under the CPC Central Committee and of central state organs. It is provided that party committees will be set up in departments under the CPC Central Committee and in central state organs and that they, led respectively by the work committee of departments under the CPC Central Committee and the work committee of central state organs, will be responsible to the party members of their own units.

The Organization Department of the CPC Central Committee, the party committee of departments under the CPC Central Committee, and the party committee of central state

organs proposed that the main tasks of various party organizations in departments under the party Central Committee and in central state organs be to:

1. Organize party members to conscientiously study and publicize the party's and the state's principles and policies and resolutely implement them; unify the thinking and actions of all party members, especially of leading cadres, with the party's basic line for the initial stage of socialism; eliminate the interference and influence of ossified thinking and liberalization, both being erroneous; and ensure the implementation of the party's principles and policies.

2. Be strict with party members and step up party building; educate party members in the basic theory of Marxism, ideals, and discipline; train full- and part-time party cadres in a planned way and train party members in rotation; improve the inner-party democratic system, strengthen the organizational life of the party, and do a good job in building primary organizations; do a conscientious job in recruiting new party members; and improve the style of the party, strictly enforce discipline, and maintain the advanced character of party organizations.

3. Give full play to party members' exemplary vanguard role, vigorously support and assist administrative leaders in fulfilling the tasks of their departments, show concern for and assist administrative leaders in improving the material and cultural life of the masses.

4. Effectively supervise party members, especially those who are leading cadres, according to the party Constitution and the "Guiding Principles for Inner-Party Political Life."

5. Effectively perform ideological and political work among workers and staff members according to the actual conditions in reform and opening to the outside world and in the professional work of various departments and in coordination with administrative leaders.

6. Assist administrative leaders in supervising cadres of party and mass organizations, coordinate with personnel departments in evaluating leading administrative cadres and appraising them through democratic discussion, state their views or make suggestions on the appointment and removal of administrative cadres according to what they have grasped in this regard.

7. Effectively do united front work according to the actual conditions of various departments and in coordination with administrative leaders.

8. Exercise leadership over the mass organizations of their own departments, discuss their major questions, support them to do their work independently and responsibly, and encourage them to carry out activities suited to their own special characteristics and around the central task of the party and the government.

9. Undertake tasks assigned by party organizations at a higher level.

On inner-party supervision, the Organization Department of the CPC Central Committee, the party committee of departments under the CPC Central Committee, and the party committee of central state organs proposed: Under the conditions of carrying out reform and opening to the outside world, especially after separating the functions of the party from those of the government, party organizations in central organs particularly need to strengthen inner-party supervision and effectively perform concrete organizational work in this regard.

Inner-party supervision is aimed at upholding the party Constitution and rules and ensuring the implementation by party members of the party's basic line for the initial stage of socialism. In exercising inner-party supervision, it is necessary to strictly implement the party Constitution, the "Guiding Principles for Inner-Party Political Life," and the Central Discipline Inspection Commission's "Regulations on Strengthening the Inner-Party Supervision of Party Members in Discipline." Party organizations in departments under the CPC Central Committee and in central state organs should supervise party members, especially those who are leading cadres, in implementing the party's line, principles, and policies, observing the law and discipline, maintaining ties with the masses, opposing those abusing their power to seek personal gain, performing their work, and conducting themselves in a morally correct manner. They should assist administrative leaders in improving their work and efficiency and overcoming bureaucratism and inform administrative leaders of or report to a higher-level party organization on the shortcomings and problems of departments of which they are aware.

The specific ways for party organizations in central organs to supervise party members, especially those who are leading cadres, are as follows:

First, it is necessary to strengthen the supervision of democratic meetings of party members. Party organizations mainly should do the following five things well: 1. Supervise leading bodies to hold periodic democratic meetings (once every 6 months); 2. Opinions on leading cadres should be solicited from party members before such a meeting, and such opinions should be accurately relayed to the leading cadres concerned or reported to such a meeting; 3. Party members should attend democratic meetings; 4. Supervise party members who are leading cadres in improving their work according to the principal opinions of the masses inside and outside the party; 5. Problems in the implementation by leading cadres of the system of democratic meetings and their practice of criticism and self-criticism, as well as those which are made known at democratic meetings, should be accurately reported to a high-level party organization. When party organizations in government departments

are abolished, democratic meetings of party members who are leading cadres will be called and chaired by party members who are administrative leaders.

Second, it is necessary to regularly hold general party membership meetings and cadre meetings to hear reports by responsible administrative persons of their own departments on their work in a given period and to enable leading cadres to communicate with ordinary party members.

Third, secretaries or fulltime deputy secretaries of party committees who do not hold the leading positions of ministries, commissions, offices or bureaus will attend relevant ministry (bureau) meetings and other important meetings as observers to acquaint themselves with the situation and better help administrative leaders do their work.

Fourth, it is the duty of party committees in central organs to express their opinions on the appointment, removal, transfer, rewarding, or punishment of cadres in such organs.

Fifth, discipline inspection departments should conscientiously investigate and verify cases of violating discipline by party members, patiently educate them, and sternly deal with their cases. Discipline must be strictly enforced against those who retaliate against others.

On the setting up and staffing of the work offices of party organizations in central organs, the Organization Department of the CPC Central Committee, the party committee of departments under the CPC Central Committee, and the party committee of central state organs proposed: Members of the party committees of central organs should be competent and small in number. Party committees that have a larger number of members may set up a standing committee.

On the principle of separating the functions of the party from those of the government, party committees of central organs should transfer to relevant government departments some administrative and other routine work they have been doing, such as security work, the education of workers and staff members, coordination in the building of cultural civilization, the election of deputies to people's congresses, tree planting, blood donation, and family planning. Party committees of central organs should vigorously coordinate with and assist party organizations under them in concentrating on party work and party building.

Magazine Calls Deng 'First' Among Leaders
HK161040 Hong Kong AFP in English 1019 GMT
16 Feb 88

[Text] Beijing, Feb 16 (AFP)—Deng Xiaoping is still China's top leader despite his partial retirement and old age, the official press aid in a eulogy Tuesday which left little doubt as to who is running the country.

The weekly magazine Perspectives [may refer to LIAO-WANG—OUTLOOK or OBSERVATION POST] said that Mr Deng was the "first among the elite group of party leaders" to emerge after the death of Mao Zedong in 1976 and the launch of economic reforms a few years later.

As a politician, he has risen above the rest and has great vision," said the magazine which carried a colour photograph of Mr Deng on its cover.

The article, devoted to the upcoming publication of a set of photographs of Mr Deng's life, noted that "all Chinese people placed their hopes with him" during the "national disaster" of the Cultural Revolution from 1966 to 1976.

"Chinese people still have the same love and respect for Deng Xiaoping today," the article added, prompting observers to draw comparisons with the personality cult which surrounded Mao Zedong before he died.

"Deng Xiaoping is the major architect of reforms," it continued. "A billion Chinese people support this policy which has a great influence on the world."

Mr Deng, 83, retired from all posts except his chairmanship of the Central Military Commission at the 13th Congress of the Chinese Communist Party in October. The move prompted the departure of other aging leaders and the most significant rejuvenation of the party since the end of the Cultural Revolution.

Western diplomats reckon that Mr Deng will continue to maintain absolute power, however, by pulling political strings and influencing decisions considered vital to the country's future.

Mr Deng promised to avoid personality cults when he came to power in 1978 and in an effort to play such a suggestion, PERSPECTIVES said: "In preparing this collection of photographs, we considered Deng Xiaoping as a man not a god."

The collection contains 500 photographs of Mr Deng including several unpublished ones with other Chinese Communist leaders, glimpses into his family life and others depicting card and billiards games and walks in the mountains.

Circular on Work Reform at Police Stations
OW030043 Beijing Xinhua Domestic Service
in Chinese 0816 GMT 2 March 88

[Text] Beijing, 2 Mar (XINHUA)—Our reporter recently learned from the Ministry of Public Security that, along with the deepening of reforms and opening to the outside world, and the great changes in the political and economic situation in our country, the burden shouldered by local police stations has been getting heavier, the scope of public order management has increasingly widened, and the nature of their work has become more complex. In order to adapt to these changes, public

security organs at all localities have implemented reforms in varying degrees at local police stations in the cities, on the basis of profound investigations and study. Practice proves that these reforms have played a positive role in maintaining public order, preventing or cracking down on various illegal and criminal activities, and assuring that the people live and work in peace and contentment. Recently, the Ministry of Public Security summed up the experiences of reform in the various localities, and issued a circular "Suggestions on Certain Problems about Work Reform at Local City Police Stations" to public security organs at all localities.

The circular pointed out that work reform at local police stations can affect the overall public security situation and has strategic significance. Public security organs at all levels must attach importance to work reform, conduct profound investigations and study on the matter, adopt concrete measures to implement reform, and strengthen the functions of public security management in local police stations in relation to the scope of responsibility, manpower deployment, duty systems, and work methods. Local police stations must conscientiously carry out their duties in public order management within their precinct, on the principle of holding responsibility for their areas and departments, changing from the original household supervision to public order management that is based on household supervision. The functions and authority of local police stations must be increased, and the distribution of work and duty system for the people's police must be reformed. The circular also urged that, through reforms, local police stations be made into a multifunction and multipurpose fighting entity.

Serious Crimes Increasing, No Change Expected
HK03 Beijing ZHONGGUO XINWEN SHE
in Chinese 1221 GMT 26 Feb 88

[Report: "There Is No Cause for Optimism in China's Economic and Criminal Offense Situation"]

[Text] It is learned from the eighth national procuratorial work conference, which opened today, that the present state of economic and criminal offenses in China is rather serious and provides little room for realistic optimism.

The public procurators attending the meeting held that although the arrogance of economic offenders had been seriously frustrated through efforts in the past year, the objective environment characterized by the major development of the commodity economy and frequent movements of people, materials, and money added large numbers of factors that may induce all kinds of crimes. In particular, in the period of transition from an old system to a new system, it is hard to avoid the appearance of various contradictions and problems in socioeconomic life and people's relations. Lawless people at home and abroad will inevitably take advantage of various opportunities to commit bribery, graft, and other

economic crimes. So, the public procurators concluded, economic crimes will continue to exist for a long time, and are very likely to increase in the future.

Meanwhile, many problems still exist in public order in China. Although the total number of criminal cases has slightly decreased, the number of serious cases is still increasing. Yang Yichen warned that for a certain period in the future, the total number of criminal cases will not decrease by a big margin; in particular, the cases of encroaching upon public and private property will continue to increase. It is also likely that serious cases of resorting to violence, such as violent retaliation, sabotaging production, and attacking the public to give vent to personal spite, will increase. Some new criminal methods may appear and give rise to serious cases in new forms.

The public procurators also stressed that while continuing to deal blows at economic and criminal offenses, we must also resolutely take legal action against state functionaries who abuse their powers to conduct illegal inquisition by torture and illegally detain people, and who neglect their duties and cause serious incidents. In particular, it is necessary to resolutely overcome interference and resistance in the handling of cases involving leading cadres.

Shanghai Hepatitis Cases Said To Reach 800,000
HK030601 Hong Kong SOUTH CHINA MORNING
POST in English 3 Mar 88 pp 1, 2

[From Marlowe Hood of the Beijing Bureau]

[Text] There are 700,000 to 800,000 cases of hepatitis A in the greater Shanghai municipal area, according to a Communist Party circular distributed recently to Chinese officials.

A source who has seen the document said it also estimates that there are 300,000 additional cases of individuals who fraudulently claim to have the disease in order to take advantage of the three months of paid sick-leave offered to state sector employees.

Such widespread deception occurs because the massive number of cases-genuine and fake-preclude comprehensive medical examinations, the source said.

The epidemic has caused economic losses of 10 billion yuan (about HK\$21 billion) because of interrupted production and business, medical costs and lost tourist trade, according to the source.

Several foreign travel agents based in Beijing, for example, have reported cancelled tours.

These figures indicate that the hepatitis A epidemic is much more serious than official figures or previous foreign estimates have suggested.

Chinese health officials have said that the number of cases peaked at 25,000 and has been declining for a week.

Foreign and Chinese medical experts, however, have been saying privately for several weeks that the correct figure was closer to half a million.

But the circular also said that the number of cases of hepatitis A reported in other large cities is relatively low: 7,000 in Beijing and 15,000 in Tianjin.

The danger of the epidemic spreading to other major urban areas seems minimal in light of these figures. Chinese officials were afraid that the disease would be transmitted by the massive number of people travelling to and from the Shanghai area during the Lunar New Year holiday.

The State Council, China's highest governing body, held an extraordinary meeting around the time of the Lunar New Year to discuss measures for controlling the epidemic, according to the official Chinese press. This strongly suggested that the problem—despite official claims to the contrary—was intensifying rather than abating.

The party circular distributed in the past few days confirmed that Chinese officials realised the epidemic was more widespread than they have openly admitted.

The source who revealed its contents did not say whether the document said that the number of cases had peaked.

Chinese public health officials attribute the outbreak of the highly contagious disease to infected shellfish consumed in large numbers in December and January.

Sub-standard sanitation and inadequate sewage systems in China's most populous and crowded city also facilitated the disease's spread.

The official Chinese media also reported on inadequate and poorly supervised quarantine measures. In one case, patients walked in and out of a temporary quarantine at will, buying food and eating in restaurants.

When hospitals and improvised shelters could no longer house the number of cases, infected individuals were asked to remain at home.

The epidemic has also given rise to a sudden black market in certain traditional medicines thought to be effective in preventing or treating hepatitis A, especially one called Banlangen. Chinese doctors, however, question whether such remedies work at all.

Audit Reveals Funds Allocated for Poor Misused
HK021429 Beijing RENMIN RIBAO in Chinese
29 Feb 88 p 1

[Dispatch by reporter Ling Zhijun (0407 1807 6511): "State Auditing Administration Discovers Misuse of Funds Allocated for Poverty-Stricken Areas"]

[Text] Even though many peasants in poor areas still do not have enough food or clothing, a small number of localities and units have misused, withheld, and wasted large amounts of funds allocated by the state to help poverty-stricken areas. These funds were used to build offices, hotels, apartments, and theaters and to buy cars and household electric appliances. This was revealed recently by the State Auditing Administration.

In 1987, auditing departments at various levels audited the use of the help-the-poor funds in 995 counties and cities in 21 provinces, municipalities, and autonomous regions. The results showed that these funds did play a good role in helping peasants in the poor areas solve their food and clothing problems and develop their economies. However, a considerable proportion of these funds was not properly managed or used. The audit found that a total of 178 million yuan was misused for other purposes in 1985 and 1986 in violation of financial discipline, and this amount accounted for 6 percent of the funds being audited. The large-scale audit involved more than 17,000 units and funds amounting to 3.02 billion yuan, which accounted for about half the state allocations of those 2 years for helping the people in poor areas. According to the comrades in the State Auditing Administration, the actual amount of funds that were misused was certainly larger than what was found in the auditing.

Most cases of the misuse of funds allocated for helping poor areas and supporting agriculture occurred during the process of allocating from an upper level to a lower level, and they usually took the following forms:

—Some localities misused the funds for helping poor areas and supporting agriculture to build offices and apartments, or to buy cars, or even put such funds outside the official budgets. Funds being misused in this way amounted to 133 million yuan. For example, Yanchi County of Ningxia Hui Nationality Autonomous Region misused a total of more than 900,000 yuan of the funds for assisting the construction of the old revolutionary base areas during those 2 years (accounting for 42.9 percent of the total amount of these funds). The funds were used to build apartments, guest houses, and movie theaters. The seven counties and cities of Baojing, Huayuan, Yongshun, Jishou, Sangzhi, Fenghuang, and Dayong in Hunan Province misused a total of more than 490,000 yuan of the special funds for supporting agriculture in order to buy 22 cars and other vehicles. The water conservancy and agricultural departments of Tongshan

County, Hubei Province, misused 579,000 yuan of the special funds for helping the poor and supporting agriculture to cover their administrative expenses.

—Some departments withheld the help-the-poor funds under various pretexts. The prefectural and county financial departments in Shaanxi Province imposed an unauthorized 0.5 percent "fund use charge" when distributing the funds for helping the poor and supporting agriculture. The financial department of Feixian County, Shandong Province, charged a management fee of 16,000 yuan when allocating funds for supporting the economic development of the less developed areas and used this money to buy motorcycles, tape recorders, and cameras. In some localities, grain and commercial departments did not distribute the grain and cotton cloth allocated by the state to the peasants but just distributed cash according to the lower official price of the grain and cotton cloth and then sold the goods on the market at higher prices to make a profit. The grain department of Kexi Tujia and Miao Nationality Autonomous Prefecture earned more than 200,000 by doing this during those 2 years.

The audit also found that more than 110 people had embezzled a total of 337,000 yuan from the funds for helping the poor and supporting agriculture.

On 21 February, the responsible person of the State Council's Leading Group for Economic Development of Poverty-Stricken Areas commented on these problems to reporters. He emphatically pointed out that the state does its best to allocate a large sum of money to support economic construction in the old revolutionary base areas, minority nationality inhabited areas, border and remote areas, and poverty-stricken areas each year, even though the state finances are insufficient. This reflects the loving care of the party and the state for the people in these areas. A small number of localities and units, however, have misused, withheld, and wasted the funds for helping the poor, and these cases are very bad and serious in nature. The people involved in these cases should not merely be criticized, but should be seriously punished, and the misused funds must be completely retrieved. All local authorities should give further play to the auditing organs and seriously examine and supervise the use of funds to help the poor. They should establish a regular system of financial inspections rather than relying on irregular inspections from time to time.

This official added that in order to thoroughly solve these problems, we should rely on in-depth reforms. In the past, funds and materials were all distributed and allocated along administrative channels, from top to bottom and level by level. Thus the funds could not be used efficiently, and there were opportunities for people to misuse, withhold, and waste the funds earmarked for special purposes. Henceforth, reform will be carried out in three aspects: First, the funds for supporting the economic development of the poor areas will be distributed and managed according to the development

projects. This measure was adopted last year and will be more strictly implemented this year. Second, the old method of distributing funds and materials through the administrative system will be changed. It is necessary to encourage people to set up more economic entities for developing the economies of poor areas. Development projects should be contracted to capable people for management through public bidding, and then the money should be granted to these able people who run the projects to create more jobs. Thus the residents of poor areas would enjoy the benefits brought about by this financial support. Government institutions that have no relation to these development projects will not be able to touch the special funds. Third, the method of distributing the money equally according to the population will be changed. Henceforth, funds should be allocated mainly according to the economic results of the development projects. More money should be granted to those projects that may bring about better and greater results. All these reform measures will help to thoroughly eliminate the phenomenon of misusing and wasting the special funds for helping the poor areas develop their economies.

Paper Urges CPC Active Involvement in Arts
OW100201 Beijing XINHUA in English 0847 GMT
9 Feb 88

[Text] Beijing, February 9 (XINHUA)—"The Chinese Communist Party should be more actively involved in the arts and provide a better working environment for artists," today's "GUANGMING DAILY" said.

A commentary in the paper, which is geared towards intellectuals, said, "over the past few decades, some flaws have existed in party leadership which stifled artistic creation."

"To encourage artists, we need to guarantee they will be protected," the paper said, "because sometimes in the past, artists suffered the most in the wake of political movements."

"We still have to combat incorrect ideas, but can not label artistic issues or flaws as political mistakes if they do not go against law," the commentary said, "and these issues should be dealt with through normal artistic criticism, discussion, and debate."

"The correctness or absurdity of art should be judged by the audience, and party leaders should be careful about commenting on artistic works," the paper suggested, adding the views of party leaders should only be considered as personal opinion.

According to the commentary, improving and strengthening the party leadership in the arts also means laws governing art have to be respected, and party leaders should familiarize themselves with these laws.

The paper also encouraged party leaders to be more open-minded and befriend artists to improve their role in artistic circles.

Minister Says More Inspiration Needed in Arts
OW120617 Beijing XINHUA in English 0917 GMT
11 Feb 88

[Text] Beijing, February 11 (XINHUA)—Playwrights and writers in China should be providing more inspiration in their works, Wang Meng, noted writer and minister of culture, says.

"The times have changed and millions of people are pushing forward. We have no time to be dispirited," Wang said in today's "GUANGMING DAILY".

Speaking at a recent national meeting for drama, music and dance artists, Wang said despite past difficulties in China, and occasional back-sliding, promising people with noble aspirations are making things happen.

Such noble aspirations are needed in literature and arts, too, he said. Playwrights and writers must sense a citizen's responsibility.

He said patriotism includes cultural patriotism and socialist humanitarianism involves deep understanding of sensibilities and reason.

Wang said the open policies implemented since 1979 have emancipated literary and artistic productivity.

But still a number of writers have lost literary and artistic judgement.

"The principle of value for China's literature and art includes progress and truthfulness," he said.

He said idealism means enabling readers to become and feel better. Creativity means giving insights into unknown fields. Happiness means helping people enjoy and appreciate the beautiful.

Wang, a writer for more than 30 years, encouraged his colleagues to enrich their own knowledge so they could offer more spiritual food for the people.

Reevaluation of Arts, Literature Urged
OW291134 Beijing XINHUA in English 1110 GMT
29 Feb 88

[Text] Beijing, February 29 (XINHUA)—The development of a socialist commodity economy calls for reevaluating arts and literary works, the "GUANGMING DAILY" said in a commentary today.

"Under the conditions of a socialist commodity economy, the majority of cultural and artistic creations are considered commodities," it said.

Therefore, they will be subject to market conditions and the law of value, as they keep abreast with the development of the socialist commodity economy.

"For a long time, the commentary said, we looked down upon the concept of a commodity economy."

"We simply stressed that culture and arts serve politics and entirely overlooked the production and marketing potential inherent in trade involving these two fields."

"As a result, cultural and artistic works were seriously divorced from the needs of the people and withered instead of flourishing."

Market regulation is in a large degree represented by the choice of the masses, it said.

"So long as it does not contravene the basic line of the socialist primary stage, there is no need to make a stipulation on what should be performed and what should not, what should be sung and what should not, and what should be written and what should not."

"Too many constraints will hold back the artistic individuality and talent of artists, fail to encourage their enthusiasm, injure socialist culture and art, and go against the general productive purposes of socialism."

At the same time, cultural and artistic works are special commodities, which should not be treated the same as ordinary commodities, the commentary noted.

Along with introducing market forces, cultural and artistic production should accept government planning and guidance.

Such direction mainly falls into the framework of the formulation of principle, policy and decrees and orientation, and does not deal with the details of production, marketing and creation.

As to the recreational and profitable arts, the state should lift bans and invigorate them in order to let them grow and die spontaneously, the commentary suggested.

It also proposed a heavy tax on a few of the most popular songs and dances.

The state should give subsidies and awards to those non-profit ensembles and troupes dedicated to pure artistic achievement, as well as to libraries, relic preservation efforts and public welfare undertakings.

"High treatment and honor should be granted to those artists who work earnestly and seek the perfect combination between art and ideology through perseverance," the newspaper said.

BAN YUE TAN on Initial Stage of Socialism
*HK030237 Beijing BAN YUE TAN in Chinese No 3,
10 Feb 88 pp 24-25*

[Article by Political Literature Editorial Office: "Five Questions About the 'Initial Stage'"]

[Text] Editor's note: The report at the 13th CPC National Congress put forth the theory on the initial stage of socialism and the scheme for reform of the political structure. Since people are paying great attention to these new questions, it is unavoidable that they may have some misgivings about them and may not understand them well. Quite a few readers have thus written to our journal, hoping that we can help them remove misgivings and solve difficulties and help them gain a better understanding of the report. We now select some of their questions and give the following brief answers, in an attempt to make such "questions and answers" a bridge between our readers and the editorial department in studying the documents of the 13th CPC National Congress. [end editor's note]

Question: Does the formulation of the theory on the initial stage of socialism mean that we will rebuild socialism?

Answer: No. The theory on the initial stage of socialism shows that China has already entered the stage of socialist society. Since our socialist society did not emerge from the womb of a highly developed capitalist society with a comparatively high level of productive forces, as described by the founders of Marxism, but emerged from the womb of a semicolonial and semifeudal society, although it has the basic characteristics of socialism, it is comparatively backward in the economic and cultural fields. We shall realize, under socialist conditions, industrialization and the commercialization, socialization, and modernization of production which have been realized in many other countries under capitalist conditions. This does not mean rebuilding socialism. Our socialist system was basically established in 1956 when the socialist transformation of the means of production was basically completed. Over the past decades, we have already scored great achievements in building socialism.

Question: We have been building socialism for decades and yet we say that we are in the initial stage of socialism. Does this not mean that the road of socialism is becoming longer and longer?

Answer: There are certain material and cultural standards for socialism. Essentially speaking, after adopting public ownership of the means of production and the system of distribution according to work, China had already entered the socialist stage. But judged from the current development of productive forces, our socialism is still not up to the standard, and we are still in the initial stage of socialism. In order to bring our socialism up to the standard, we have to work hard for decades longer. Looking at our achievements in the past decades,

some people think that our socialism is already very good. If we review what we have done in the past decades and what we are going to do in the future, we will naturally feel that the "road of socialism is becoming longer and longer." As a matter of fact, whether the "road" is long or short is an objective reality, which does not change due to the formulation of the theory on the initial stage of socialism. The formulation of this theory is aimed at making us face up to the "long road" and make greater efforts. Provided we "take" this road conscientiously, we will surely be able to shorten the period for reaching our destination.

Question: Does the formulation of the theory on the initial stage of socialism show that practicing capitalism is not bad and practicing socialism is also good?

Answer: We cannot understand the question in this way. The thesis on the initial stage of socialism has two meanings: 1. Our society is already a socialist society and we must adhere to, rather than depart from, socialism. 2. Our socialism is still in its initial stage and we must start from this reality in doing things rather than exceed this stage. In this stage, we must adhere to the four cardinal principles and resolutely and unswervingly follow the socialist road and must never practice capitalism or "walk on two legs," socialism and capitalism.

Question: Does the formulation of the theory on the initial stage of socialism mean that politically ours is a socialist system, but economically we must make up the missed lesson of capitalism?

Answer: For any society, whatever economic system is adopted, there must be a political system to suit it. There cannot be a "double skin." So-called "making up the missed lesson of capitalism in economic affairs" means changing public ownership of the means of production and the basic principle of distribution according to work. This will not do. In developing productive forces, we do not oppose making use of some effective methods, measures, and technologies of capitalist society which exist in capitalist society but are not peculiar to it. However, it is a misunderstanding to interpret this as "making up the missed lesson of capitalism."

Question: Will the theory on the initial stage of socialism be used by some people to cover up our low efficiency, defects, and mistakes?

Answer: All the bad things, such as low work efficiency, low economic returns, all kinds of defects in our systems, unhealthy party style, the social mood that has not been fundamentally improved, and the mistakes appearing now and then in our work, have never been concealed or covered up by our party since the 3d Plenary Session of the 11th CPC Central Committee. This can be proved by various important meetings and decisions of our party and state. It is because of this that we have to carry out reforms of the economic and political structures and make further efforts to strengthen socialist democracy

and the building of spiritual civilization. No one is allowed to distort the meaning of this theory and use it to conceal mistakes, or even hold that things can be done slowly with low returns. We must be on the alert against this.

Article on Need for Policies in Reform

HK030535 Beijing JIEFANGJUN BAO in Chinese
8 Feb 88 p 1

[Article by reporters Jiang Lin (3068 2651) and Jiang Yonghong (3068 3057 4767): "'We Need Policies of Reform'—Thoughts on Deepening the Reform of Army Work"]

[Text] At a conference on the logistical work of the whole Army this year, these reporters asked some grass-roots comrades: "What do you need most now?" They spontaneously and nearly simultaneously replied: "We need policies."

In the course of gathering news in PLA units, many comrades strongly demanded that these reporters appeal to their upper levels on their behalf: "We need policies of reform."

1. Three Pieces of News That Cause People To Ponder Deeply [subhead]

The first piece of news: Under a new policy, the personnel of the Materials Bureau system of the General Logistics Department were reduced by half, but benefits doubled.

In the past, the Materials Bureau system of the General Logistics Department "asked its upper level for what was lacking and reported losses to its upper level," but the situation was very different in 1987: Its personnel were reduced by 72 percent and the materials supplied according to the state plan by 50 percent and, under such difficult conditions, the system made arrangements for approximately 100-million-yuan's worth of materials by itself, but its income recorded an increase of approximately 100 percent over the preceding year and it also purchased a several units of machinery and equipment and built several tens of thousands of square meters of storehouses and warehouses by itself to strengthen its own capacity for development.

Leaders of the Materials Bureau told these reporters that the materials system could undergo such a big change mainly because the General Logistics Department had given it a new policy: The institution carried out enterprise management, internal economic accounting, and distribution of business profits, so that links between the completion of tasks and the interests of units and individuals were maintained and all units and individuals did everything possible to increase income and reduce expenditure. Expenditure of 7.2 million yuan was saved in processing and ordering goods alone.

The leaders of the Materials Bureau of the General Logistics Department told these reporters: "In the past, we said that if money and materials were supplied, things could be done easily, but now, we are short of money and materials, but the policy given us can yield money and materials."

The second piece of news: As a new method could not defeat an old policy, reform carried out in the ship Installation and Repair Department of a certain naval base came to a premature end.

In 1984, when warship and ship maintenance funds ran seriously short, the Installation and Repair Department of a certain naval base tentatively implemented, in five warship and ship fleets, a system of contracted responsibility for temporary (crash) repairs at a specified cost on the basis of a single warship, resulting in the saving of some 340,000 yuan compared with the preceding year, and the rate of warships and ships in operation increased. However, under the pretext that this reform did not conform to an upper-level document regarding the distribution of the money saved, this method was abandoned. After the same old disastrous road was followed, the temporary (crash) repair expenses in the first 4 months of 1985 exceeded more than half the total funds for the whole year. The Installation and Repair Department had to arrange another reform plan and to organize and build a repair center to contract for the temporary (crash) repair tasks of the five warship and ship fleets. Reform showed its strong points again and about 280,300 yuan was saved in 7 months.

At the end of last year, work group came, which pointed out that the repair center "had drawn excessive working-hours allowances and this did not conform to the spirit of an upper-level document" and which warned them that "what had been done before could be handled leniently, and what was done in the future would be handled strictly." The leaders of the installation and repair department of the base felt that they were in a dilemma.

The third piece of news: It is a queer thing that a staff officer or management worker is "bigger" than a department director in a certain research institute in Xian.

With the approval of its upper level, a certain research institute in Xian tentatively implemented the system of the institute director assuming full responsibility, resulting in a big change over 3 years. However, the big change involved a queer thing: The institute director had the power to appoint or discharge a leader at departmental level, but the appointment or discharge of an ordinary staff officer or management worker had to be sent to Beijing pending an order signed and issued by the leadership organ. Some people said jokingly: A staff officer or a management worker is "bigger" than a department director in this institute.

The reason for this "queer thing" is that in the official written reply on the pilot project of reform in this institute, the upper level mentioned the appointment of department directors and division heads (departmental level) only, but not of staff officers and management workers. The institute director sighed with emotion, saying to these reporters: "The upper level can rest assured when I appoint a department director, but cannot rest assured when I appoint a staff officer or a management worker. We just do not know whether to laugh or cry."

2. Leadership over Reform and Policies of Reform [subhead]

The abovementioned three pieces of news reveal a problem: Policies are the life of reform.

Several years ago, in the course of gathering news, these reporters often heard such remarks as: The key to whether reform is good or bad lies in leadership. Practice has also shown: Where there is leadership over reform, there is vitality and vigor. However, such reform by relying on human rule is not completely satisfactory.

In the course of gathering news, these reporters discovered that the contradiction confronted in reform was outwardly the contradiction among leaders in guiding ideology, but was in fact a test of strength with the old systems and old policies. These old systems and old policies are like an old "ruler" who is obsolete but still not invalid. They become the "amulet" of the weapons and old ideology and customs obstructing reform. This is why the difficulties and obstacles are almost exactly the same, though the methods of leadership over reform differ greatly.

Several reformers of a certain unit "came to no good end." It was said that they were repudiated by so-and-so. After investigation and study, these reporters felt that this was not completely so. In addition to the reformers' own weak points, the main reason was that they contravened the old systems and old policies. In regards to reforming the repair of ships in a certain naval base mentioned above, there was no upper-level leader or upper-level organ which intentionally meant to be hard on them, but it was the obsolete "red-heading document" that forced this reform to come to a premature end.

These reporters investigated a number of reformers who are now working relatively "safely." They said: "We are struggling hard at the 'crucial moment,' as if we were 'walking a tightrope,' and there is always a danger of falling."

Therefore, we will not get anywhere if there is only leadership over reform but not policies of reform.

3. Unavoidable "Dual System" [subhead]

Reform is not a technical innovation and change in methods of work. Basically speaking, it is the transformation of a system and replacement of policies. In the course of practice, many reformers have gradually come to see profoundly that reform, with self-perfection of the socialist system as the aim, is by no means a form of pure destruction of the old and the establishment of the new. Therefore, there unavoidably emerges the situation of the operation of a dual system in which the old structure is changing and the new structure is growing and being perfected. Let us use a common expression: When the new hat is not completely made, the old hat cannot be thrown away.

The "dual system" poses an incisive problem for people: Which one actually yields to which? If the new is drawn close to the old, all previous fruits of reform will surely be wasted. Clearly, there is only one way, that the new be allowed to grow strong, to be gradually perfected, and to eventually replace the old.

Under the current situation of a "dual system," old things are often lawful but irrational, and some new things are rational but unlawful. This is, as it were, a relatively universal phenomenon. The local method of solution is that the central authorities give special policies to some units and places, such as special economic zones, open cities along the coasts, cities whose social and economic development plans are listed separately in the state plan, and so on. Can we draw a lesson from these experiences? For many years, we have seemed to create a practice of "talking without doing," and have been good at implementing the policies already formulated without paying attention to the study of the new situation and without formulating new policies. This shows that we are not satisfactorily in line with the great tendency of reform. In the course of gathering news, many comrades of the units which were carrying out reform wished to give a word of advice to the leadership organs: Please do not carry an old ruler and act as a "judge" everywhere. Can they concentrate on the study of new policies in the new situation and special policies in our special situation?

The voice supporting "we need policies" is knocking at the door of the leadership organs and urging the leadership organs to carry out reform themselves.

Country Still World's Top Supplier of Raw Silk OW030405 Beijing XINHUA in English 0224 GMT 3 Mar 88

[Text] Beijing, March 3 (XINHUA)—China, the country that started the Silk Road, will maintain its supply of raw silk to the world market while increasing the export of manufactured silk products, according to the China National Silk Import and Export Corporation.

This is despite the fact that domestic processing ability has exceeded the supply of raw materials in the industry, today's "CHINA DAILY" reported.

"China won't forget its old customers," said Xia Yanlin, vice president of the corporation who is Hangzhou for the 7-day China Silk Trade Fair 1988, which opened on Monday.

Xia said he was "optimistic on the whole" about the international silk market, accounted for only 0.18 percent of the textile fibres of the world.

China would stick to a stable price policy, Xia said, though adjustment would be necessary in line with changes in exchange rates and the relationship between supply and demand.

China's output of silk materials was steadily increasing but a dramatic increase would be impossible, Xia said. The country's exports of raw silk account for 90 percent of the total world silk trade, and 40 percent of the silk fabrics trade.

Light Industry Exports Expected To Exceed Target
OW240236 Beijing XINHUA in English 0203 GMT
24 Feb 88

[Text] Beijing, February 24 (XINHUA)—China's exports of weighing and light industrial machinery are rising steeply and are expected to finish the Seventh 5-Year Plan (1986-90) a year ahead of schedule, "CHINA DAILY" reports today.

Last year, exports reached more than 60 million yuan, just under double the 1986 figure, continuing that year's increase of 73 percent over the previous year, said Li Shuoru, an official from the Ministry of Light Industry.

The export value this year is expected to be 80 million yuan, while the figure for 1989 will top 100 million yuan, reaching the target for 1990, Li said.

Among last year's exports, those of light industrial machinery grew much faster than those of scales. The export value of the former was more than triple the 1986 figure while the latter only saw an increase of 30 percent, the official said.

Exports of light industrial equipment mainly include spare parts for machinery (whose export value was nearly 11 million yuan last year), garment-making machinery and machinery to produce sugar, food, and plastics. The fastest growth was found in the exports of garment-making machinery which reached 8.6 million yuan, up by 13 times on the 1986 figure.

Li said producers of light industrial machinery and scales were found mainly along the coastal area, which accounted for more than 80 percent of the country's total.

Inflation Remains Worrisome, Say Economists
OW140922 Beijing XINHUA in English 0707 GMT
14 Feb 88

[Text] Beijing, February 14 (XINHUA)—Leading economists in China have proposed to lower the inflation rate from the more than 7 percent in 1987 to 3 to 5 percent, and then eventually to 2 to 3 percent, "CHINA DAILY BUSINESS WEEKLY" reported today.

This should be done over the next several years, said Zhang Zhuoyuan, director of the Institute of Chinese Academy of Social Sciences. He said that the plan is aimed at promoting a "steady growth" and resting the widespread discontent with unchecked price rises.

The direct cause of inflation is the inordinate expansion of the money supply, economists concluded. In 1976, there was an excess of 21.1 billion yuan in circulation. The figure grew dramatically to 121.8 billion yuan in 1986, and it grew by 20 percent more in 1987.

This increase of money in circulation has not yet been totally absorbed by the price rises, Zhang observed, adding that there is still a lot of purchasing power left to drive prices further up.

The rapidly growing money supply was caused by increases in capital investment and ill-advised raising of wages in the form of bonuses in money or commodities.

To control the money supply while not causing a sudden halt in economic development, another economist has called for a "soft landing", which means to selectively tighten credit and encourage banks to enlarge their reserves for lending through promoting personal savings.

The economists pointed out that the housing reform, life insurance, the introduction of unemployment and pension schemes and medical care insurance should be quickened to generate more savings and relieve the country's agriculture and manufacturing sectors of the pressure posed by the society's mounting demands.

Measures To Invigorate Major Enterprises Cited
OW120557 Beijing XINHUA in English 0904 GMT
11 Feb 88

[Text] Beijing, February 11 (XINHUA)—Some leading Chinese business executives have appealed to the government to empower major enterprises to do business directly with foreign firms and reduce mandatory state quotas, the "GUANGMING DAILY" reported today.

Executives of 51 leading enterprises issued the appeal in a nine-point proposal on invigorating major enterprises. The proposal was put forward at a symposium on the reform and development of major enterprises in Jiading in suburban Shanghai earlier this year. The symposium was organized by the "GUANGMING DAILY" and other journals.

Major enterprises should have the power to directly handle imports and exports, attract foreign funds and invest abroad, they said in the proposal, which was carried on the paper's front page.

In addition, the state should place orders with major enterprises instead of saddling them with mandatory production and sales quotas.

"Product prices should be set through negotiations between the state and enterprises," the proposal said, "and enterprises ought to enjoy priority in purchasing goods in short supply."

The proposal asked the government to have representatives of major enterprises to join the work in formulating China's long-term development plans and major economic policies.

Such an effort will make it possible to base state plans on the development plans of major enterprises and for the enterprises to understand government objectives.

The proposal also urged China's central bank to give direct financial backing to major enterprises and to allow them to found industrial banks and group banks.

Entrepreneurial organizations should be set up to voice the demands of enterprises, particularly major ones, and protect their interests.

The proposal also called for opening more channels of dialogue between the government and enterprises in order to give entrepreneurs more opportunities to air their views on economic and social policies.

It stressed the importance of setting up administrative courts. Other measures to invigorate major enterprises include:

- Reforming the foreign exchange retention system, the exchange rate system and the licensing system;
- Formulating a free trade law and corporation law;
- Reforming the enterprise personnel system; and
- Instituting a system of assessing enterprise managers and linking their earnings with enterprise performance.

The proposal said a number of major enterprises should be selected to test overall reforms with their experience providing the springboard for future action.

Among the 51 executives were Li Huazhong, manager of the Anshan Iron and Steel Company in Liaoning Province, the largest of its kind in China, and Chen Qingtai, director of the No 2 Motor Vehicle Plant in Hubei Province.

Interview Advocates Opening Stock Markets
OW291122 Beijing XINHUA in English 1046 GMT
29 Feb 88

[Text] Beijing, February 29 (XINHUA)—"One way of getting the country's big savings account balances back into circulation would be to open real stock markets where individuals could buy shares," a young Chinese economist proposed in today's "PEOPLE'S DAILY."

"China's big savings account balances could have both positive and negative effects on the economy," said Li Yunqi, an economist working on a Ph.D. at the People's Bank of China's Financial Institute.

According to recent statistics, the total balance in rural and urban savings accounts nationwide topped 300 billion yuan (81 billion U.S. dollars) last year.

"Such an increase in savings deposits lessens the pressure on a market where demand exceeds supply," Li said in a "PEOPLE'S DAILY" interview. "This trend reflects the fact there is more money in circulation, which is one of the natural results of the development of a market economy."

"Increases in savings deposits sometimes are a result of unbalanced overall national economic development, or because the accumulation of funds destined to be spent on consumer goods goes unchecked," he said.

"Most savings deposits are voluntary because the market fails to provide consumers enough products, especially sought-after name brands," he said, "so people have no other choice but to put their money in the bank."

Li described these deposits as being like "a tiger in a cage," because once they are spent on consumer goods in large quantities, they can have a big impact on the market and cause economic instability.

"To control the amount being deposited in savings accounts, the funds available to buy consumer goods need to be controlled, and patterns of consumerism should be readjusted," Li said, adding that one way to solve this problem would be to liquidate funds by buying housing under the country's housing reform policies.

Li also suggested permanent money markets be set up and real shares sold to lure some of these excess funds out of the bank and turn them back into working capital.

Most of the "shares" recently being issued in China are actually bonds which require repayment of the principal, Li explained, while individuals holding real shares only earn interest.

"As the reform continues," Li predicted, "China will eventually have to adopt a stock system to meet the demands of the country's economic development."

At present, China has sold only 200 million yuan (54 million U.S. dollars) worth of shares, Li said, but to stabilize the economy the country needs to market at least 150 billion yuan (40.5 billion U.S. dollars) in shares.

"Although this plan will take a long time to realize, the prospects look good," Li said.

Economic Meeting Welcomes Enterprise Mergers
OW221237 Beijing XINHUA in English 0657 GMT
22 Feb 88

[Text] Beijing, February 22 (XINHUA)—The merging of enterprises and the paid transfer of property rights will help invigorate enterprises—a key part of China's ongoing urban reforms.

This view was aired by leaders of economic commissions from all parts of China during a national conference held here recently, the overseas edition of the "PEOPLE'S DAILY" reported today.

Merging has proved to be effective in reducing enterprises' financial losses and in improving their economic efficiency, according to officials from Wuhan, the capital of Central China's Hubei Province, and Baoding in North China's Hebei Province.

The two cities are pioneers in testing enterprise merging and the paid transfer of property rights.

To date, 24 industrial and commercial firms in Wuhan have absorbed another 31 by way of purchase, takeover or administrative means.

Thirteen businesses in Baoding have absorbed another 14 which suffered losses totalling 22 million yuan (about six million U.S. dollars).

The city eliminated losses in all industrial enterprises last year.

Officials from Beijing, Shanghai, and Jiangsu and Guangdong Provinces agreed that the paid transfer of property rights enables losing enterprises to make effective use of their idle fixed assets and funds.

An accompanying commentary in the paper pointed out that enterprise merging accords with the law governing economic development because enterprises must seek the best economic results.

"It is inevitable that in the course of expanding sales and markets, some enterprises will fail in competition and be absorbed by others."

According to the commentary, China should launch a number of large enterprise groups to participate in international competition.

Paper Examines Earnings, Spending Patterns
OW121322 Beijing XINHUA in English 1033 GMT
12 Feb 88

["Roundup: China's Consumers, Spending More or Less?"—XINHUA headline]

[Text] Beijing, February 12 (XINHUA)—Excessive spending is one of the problems China is now facing, but according to today's "ECONOMIC DAILY," not all the country's consumers are spending too much.

A new Beijing restaurant has a menu which lists individual dishes for as high as 30 yuan (8.10 U.S. dollars), which is almost half a college graduate's monthly salary.

"Even at these outrageous prices, the restaurant still has crowds of diners, even late into the evening," the paper said, adding this shows one example of extravagant spending.

Since 1984, incomes have gone up an average of 20 percent a year, making conditions right for people to be able to spend more money, but some still complain they don't have enough to get by.

A Ministry of Finance official said, "I'm spending less than before, and it's difficult supporting a family on a gross salary of only 101 yuan (27.30 U.S. dollars) a month."

One Ph.D. graduate who earns 130 yuan (35.10 U.S. dollars) said, food costs at least 50 yuan (13.50 U.S. dollars) per month, and he spends the rest of his salary on daily necessities.

Not only white-collar workers are having a hard time, the paper said, because a personnel official in a large Beijing-based enterprise confirmed many blue-collar workers also complain their average 130 yuan (35.10 U.S. dollars) a month salary is not enough.

A survey of 4,630 families in 19 cities nationwide revealed 20 percent of the households attest their standard of living has gone down compared with previous years.

According to the paper, this unbalanced rate of spending indicates the inequality among community members has, instead of being checked, gotten more serious.

An associate professor teaching at a medical school earns 200 yuan (54.00 U.S. dollars) a month, but complains he is poorer than his son, who as a shop assistant often makes as much as 250 yuan (67.60 U.S. dollars) a month.

Statistics show, the staff of foreign-funded enterprises, taxi drivers, designers, artists, performers, enterprise leasees, and those who take on side-line jobs can earn a lot of extra money, while ordinary workers, scientists, technicians and officials don't have as many possibilities.

According to statistics, self-employed sales people and those working for individually-run enterprises have the most cash on hand.

A survey of 50,000 self-employed business people in 12 provinces, Beijing and Shanghai showed each individual reported an average annual income of 3,063 yuan (827 U.S. dollars) in 1985.

Another Beijing survey compiled by self-employed business people showed, individuals now working in the transportation industry earn 800 yuan (216 U.S. dollars) a month, those in catering, 650 yuan (176 U.S. dollars), those in construction, 460 yuan (124 U.S. dollars) and those in commerce, 318 yuan (86.00 U.S. dollars), which are all higher salaries than state employees receive.

"These figures are all lower than the income self-employed business people actually take home," the paper reported. One "BEIJING DAILY" reporter spent several months interviewing the city's self-employed business people and estimated their average monthly income average at about 750 yuan (203 U.S. dollars).

According to another recent Beijing survey, the bosses of individually-run businesses earn an average monthly wage of 800 yuan (216 U.S. dollars). Those working in catering earn around 1,000 yuan (270 U.S. dollars) a month, while an employer in Shenyang, the capital of Liaoning Province, pulled in a net income of 800,000 yuan (216,000 U.S. dollars) in 1986.

According to the report, "At present, self-employed business people are only reinvesting 20 percent of their profits so some individuals are doing too much extravagant spending."

Paper Urges Replacing Household Contracts
OW190447 Beijing XINHUA in English 0131 GMT
19 Feb 88

[Text] Beijing, February 19 (XINHUA)—The household contract system which once brought record high production levels in China's rural areas when it was introduced in 1979 appears to be losing its momentum.

And an article in the "ECONOMIC DAILY" suggests the system should be replaced by large-scale farming.

Irrigation and use of machines and other advanced farming techniques are too difficult to apply on small parcels of land under household contract, the mayor of Jincheng City in north China's Shanxi Province said in his article appearing in yesterday's "ECONOMIC DAILY."

Xue Rongzhe, the mayor, suggested that large-scale farming, owing to its high economic returns, will enable farm production to develop on its own instead of relying on subsidy from rural industries.

Larger pieces of land will make possible the use of machines, better farming techniques and enable modernization of agricultural production, the mayor said.

The article noted family and cooperative farms cultivating up to two hectares each are being encouraged in Jincheng City.

A sample survey of 28 family farms in Jincheng showed that each farm had at least one tractor and 4.57 machines and that 82 percent of the farm work was done by machines.

These farms enjoy greater yields per worker and higher incomes, the survey found.

Experimental Zones To Push Rural Reforms
OW181101 Beijing XINHUA in English 0851 GMT
18 Feb 88

[Text] Beijing, February 18 (XINHUA)—Twelve experimental zones have been created in China to test out different approaches to rural reforms, the overseas edition of "OUTLOOK WEEKLY" says.

The experiments involve land management, rural enterprises, rural finance, and pricing and distribution of farm products.

The 12 zones are in ten provinces and autonomous regions, and encompass less than one percent of the counties throughout China.

They can overstep current policies to find ways to remove bottlenecks in rural economic development. Hopefully they will lead to breakthroughs in the reforms begun nine years ago.

Farmers are to be compensated for any loss incurred by the experiments.

The zones were chosen by the State Council's Rural Development Research Center with the consent of the provincial authorities.

All projects are being carefully screened before being put into practice.

The experiences aim at nationwide application but because of the immense risks involved the country wants to try them out first in selected areas, the weekly explains.

Many of the moves are designed to free more rural laborers for non-farming jobs in industry, commerce and service trades.

Details of the experiments are still rather sketchy but the weekly provided some examples.

It said that in Meitan County, Guizhou Province, in southern China, farmers are now allowed to transfer plots they have contracted from collectives to others. In return they get 50 percent of the profits from the plots.

In the Guangxi Zhuang Autonomous Region, collectives are being organized into agriculture-industry-commerce combines in a rural sector of tourism-rich Guilin City.

And in Liquan County, Shaanxi Province in north China, local officials are helping organize companies offering services to farm production.

The weekly says that experiments under way in Shunyi County in Beijing have placed 94 percent of the village lands in the hands of the most productive farmers in a bid to increase output.

The weekly also says new approaches are being tried to get rid of favoritism in 180,000 township-run factories in Fuyang Prefecture, Anhui Province of east China.

Nepotism has been a long tradition in China's countryside. It has been common in Fuyang for directors to appoint relatives to key factory posts, the weekly says.

The local government has published eight decrees to specify the relations of property within these collectively-owned factories. No factory official will be able to use his influence and power to practise favoritism.

Mayors Along Chang Jiang Discuss Development
HK030521 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 7, 15 Feb 88 pp 15-16

[Article by Fei Qiang (6316 1730): "Constructing Hand in Hand the Economic Zones along the Chang Jiang"]

[Text] On the map of China, you can see such a sketch: The coastal open areas ranging from the Liaodong peninsula along the Yalu Jiang to the Beibu Bay in the northern part of the Leizhou peninsula look like a "full strung bow" and the economic zones along the Chang Jiang are like an "arrow."

At the third session of the Committee for Economic Cooperation of 23 Major Cities on the Chang Jiang, which was held recently, people were happy to see that leaders from the six provinces of Sichuan, Hunan, Hubei, Jiangxi, Anhui, Jiangsu and Shanghai City were trying to go forward hand in hand and take concerted action to build the economic zones along the Chang Jiang into a "golden arrow" shooting at the international market.

The First Step: Lateral Economic Ties [subhead]

The 23 major cities on the Chang Jiang constituting the Committee for Economic Cooperation include the four large cities of Shanghai, Nanjing, Wuhan and Chongqing and 19 medium-sized and small cities on the river. These

cities ranging from west to east of China have an area of 140,000 square kilometers and a population of 78.96 million. By relying on the water course of the Chang Jiang, these cities are boosting their own advantages. They have established an industrial production system with a satisfactory variety of industries including the production of raw and semi-finished materials and the processing industry. They have also become another division of intensive economic zones second to the developed coastal areas. In 1986 they had an industrial and agricultural output value of 212.7 billion yuan, one seventh of the country's total.

In 1985 the then Premier Zhao Ziyang approved the formation of the Committee for Economic Cooperation of Major Cities Along the Chang Jiang. Rising to the challenge of the international and domestic markets, the 23 cities located on the Chang Jiang eventually decided to go forward hand in hand. Referring to the economic cooperation of the 23 cities, Wang Jie, mayor of Wuhan and the 1987 executive chairman of the Committee for Economic Cooperation, made the following remarks:

To promote economic cooperation in the Chang Jiang valley, four major economic cooperation zones centered around the four large cities of Shanghai, Nanjing, Wuhan and Chongqing have taken shape. At first, the four cities only set up different types of economic cooperation networks among them and finally they turned the economy along the Chang Jiang valley, which had been divided for years by administrative areas, into an indivisible whole. In 1987 economic cooperation projects agreed among the four major economic cooperation zones were more than 2,360. Shanghai alone signed 150 contracts with areas along the river for joint exploitation of natural resources and transferred a number of new technologies to the central and western parts of our country. A new economic setup of transferring technology, funds and famous brand products to west China and transporting mineral resources and farm and sideline products to east China are beginning to be formed.

The situation in which people of the same trade or occupation in different areas were never in contact with each other for years has begun "thawing." Since its establishment, the Chang Jiang Coordinated Transport Corporation, which was sponsored by Wuhan, Nanjing and Chongqing, has developed rapidly and by October 1987 the volume of coordinated transport had amounted to 28 million tons. Financial ties have also been established between major cities on the river and the money loaned to each other in merely one year since its setting up has totalled to 10 billion yuan. Meanwhile, lateral economic ties such as circulation of commodities and materials, joint export in foreign trade and postal and cable services are also being established.

The Second Step: Promoting Reforms by Opening Up to the Outside World [subhead]

To open up to the world, the 23 major cities on the Chang Jiang should first free themselves from the small circle of closing themselves to external contact. They have now freed themselves from the previous division of administrative areas and entered a time of going forward hand in hand and helping each other with mutual benefit.

In 1987 the volume of material exchange of Chongqing and Nanjing with their neighboring cities and areas amounted to 440 million yuan and 230 million yuan respectively. To promote the export of its famous brand products, the Chongqing Tools Plant which is well known on the upper reaches of the Chang Jiang joined hands with enterprises in Sichuan Province, Shanghai and Jiangsu Province in an effort to improve the quality of its products. In April, 1986 alone, People's Construction Banks in 16 cities on the Chang Jiang lent each other a total of 124 million yuan as investment funds.

Reform has made enterprises become independent commodity producers. By using the decisionmaking power delegated to them, many enterprises have broken through the "gate of the city" and the "gate of the province" and in a few years established a great number of amalgamated enterprises and enterprise groups regardless of the bounds of areas. The most famous ones include "Jialing Cola," "Tianfu Cola," "Panda Electronics," the "Nanqi Integrated Complex," and the "Friendship Duplicating Machine Manufacturer."

The recent meeting of the Committee for Economic Cooperation of 23 Major Cities along the Chang Jiang left an impression on the reporter that mayors of the 23 cities are not satisfied with the present situation and they are considering many problems relating to reform measures in a bid to edge their way into the international market. Those problems include:

—To open up to the outside world, cities on the Chang Jiang should always keep "water" in mind. Though the Chang Jiang Coordinated Transport Corporation is now engaged in coordinated transport linking some provinces and cities, experts estimate that more than 90 percent of the transportation potential of the Chang Jiang is untapped. In Wuhan alone at least 200 docks marked for enterprises and institutions are not being fully utilized.

—The Chang Jiang is a scenic spot well-known for world travellers. For a long time it has been advised that cities on the river should make concerted efforts to develop their tourist facilities but so far no substantial progress has been made.

—Industrial and agricultural production of the cities are concentrated on their special products but there are still many repetitions in production and haphazard use of funds, trained people and technology.

All these problems had yet to be satisfactorily solved at the meeting. However, Xiao Yang, Mayor of Chongqing City said optimistically: All contradictions and frictions that have appeared and will appear are nothing but "labor pains" which are bound to appear in the process of instituting a socialist commodity production system. Solutions to the problems arising in the course of opening up to the outside world can only be sought from the defects of the present economic structure. With the reform developing in depth, cities on the Chang Jiang shall open wider to the outside world.

The Third Step: Entering the International Market Together [subhead]

The recent meeting of the Committee for Economic Cooperation of 23 Major Cities on the Chang Jiang also revealed that the cities on the river will take concerted action to make their way into the international market. Mayors of all the cities are now coolheadedly appraising their strength.

Of all labor-intensive industries which stand for the advantages of China in the international market, the rate for the textile industry in the 23 major cities on the Chang Jiang is 22.86 percent, 22.81 percent for the tailoring industry, and 12.6 percent for the beverage and cigarette industries. Meanwhile, the machine-building industry and the electronics and telecommunications equipment industry, which are regarded as the industries with the most potential export, in the 23 cities make up respectively 22.48 percent and 27.85 percent of China's total. And they produce more than one fifth of China's petroleum, chemical and metallurgical products.

Around the 23 major cities along the Chang Jiang, there are more than 27 million agricultural laborers, who are ploughing 4.6 percent of the country's cultivated land and producing 5.7 percent of farm and sideline products.

However, mayors of the 23 cities also mentioned some of their vexing problems:

In 1986 their cities had an unfavorable balance in foreign trade and the volume of export constituted only 52 percent of the volume of import.

Now only 7 of the 23 cities have the decisionmaking power in foreign trade and the remaining 16 have to export their goods through other cities.

In 1987 the 23 cities received \$392 million in foreign investment but Shanghai alone got 73 percent of the total and 10 of the remaining 22 cities still get nowhere from foreign investment.

During the meeting, many mayors of the 23 cities appealed to Li Tieying, head of the State Commission for Restructuring Economic System, to allow them to carry out the flexible policies as practiced in coastal areas.

Some economists even pointed out without reservation: The coastal areas are now vigorously developing the industry for processing materials supplied by the foreign businessmen and promoting the export of labor-intensive products. As a major thoroughfare of transferring technology from the coastal areas to the interior, cities on the Chang Jiang should try hard to catch up as soon as possible. By using the Chang Jiang, a golden water course, the 23 cities should strive to open up directly to the outside world and to edge their way into the international market ahead of other interior areas.

Chen Muhua Encourages Savings Deposits
*OW021356 Beijing XINHUA in English 1338 GMT
2 Mar 88*

[Text] Beijing, March 2 (XINHUA) — Chen Muhua, president of the People's Bank of China, urged banks at various levels to exert more efforts to attract savings deposits to alleviate the fund and credit shortage.

Speaking at a directors' meeting of the Agricultural Bank of China, which closed here today, Chen said the amount of credit designated by the state will increase by 10 percent this year while that of money in circulation will equal 80 percent of that of last year. Therefore, the gap between money supply and demand this year will be larger than that of last year. There will be a severe shortage of funds as banks purchase financial bonds and bonds for construction of key state projects this year.

However, according to the president, it will be possible to attract more savings deposits because the whole country has a cash surplus of more than 400 billion yuan and savings deposits in the banks total 300 billion yuan.

Chen said efforts to reform the banking system this year will concentrate on the contract responsibility system.

She called on the directors of the Agricultural Bank of China to mobilize the initiative of their employees to launch publicity to help farmers make good investments with their money.

Tight Credit Not Affecting Rural Economy
*OW260525 Beijing XINHUA in English 1700 GMT
25 Feb 88*

[Text] Beijing, February 25 (XINHUA)—Tight credit has not affected the rural economy, the "ECONOMIC DAILY" reported today.

According to the national newspaper, the Agricultural Bank of China and credit cooperatives loaned 98.8 billion yuan to farmers last year, 48.6 percent more than the previous year.

Loans to producers of grain, cotton, and vegetable oils amounted to 40.4 billion yuan, up 63 percent, while loans to purchasers of farm sideline products were up 11.4 percent.

Rural industrial enterprises produced 27.1 percent more than the previous year.

The growth in output of rural industrial enterprises last year for the first time matched growth in loans. Between 1978 and 1986, the increase in loans exceeded that of the increase in output value.

The paper attributed the good result to the bank's support for export-oriented rural industrial enterprises and to helping rural enterprises upgrade their technology.

The paper said the Agricultural Bank of China will increase its loans to rural industrial enterprises by 15 percent to 20 percent this year in line with growth of the output value of the rural industries.

Rural Profit-Investment Ratio Declines
*OW220316 Beijing XINHUA in English 0309 GMT
22 Feb 88*

[Text] Beijing, February 22 (XINHUA)—China's total rural economic income kept increasing last year, but the profit-investment ratio declined further because of sharp rises in production costs, according to today's CHINA DAILY.

According to statistics supplied by 26 provinces, autonomous regions and municipalities, total rural production profit is expected to increase by 14.2 percent to 471.98 billion yuan, compared with the previous year's growth rate of 10.9 percent.

Seven provinces and municipalities, including Beijing, Jilin, Hebei and Henan, managed to keep their rural economic revenues growing faster than 14.2 percent, according to a business report prepared by the National Rural Economic Management Station under the Ministry of Agriculture, Animal Husbandry and Fisheries.

Total net income, state profits and tax revenue, collective funds and personal income in the countryside all increased last year with further development of agriculture, animal husbandry, fisheries, forestry, rural industries and sideline production, the report said.

Rural income increased by 4 percent to 221.29 billion yuan in crop cultivation, by 7 percent to 63.61 billion yuan in animal husbandry, by 21.5 percent to 8.73 billion yuan in fisheries, by 13.7 percent to 9.74 billion yuan in forestry and by 38.7 percent to 27.56 billion yuan in sideline production.

But rural production costs increased faster than income growth, resulting in a further drop in investment return, the report said.

Statistics from the 26 areas showed that total production costs rose by 23.8 percent to 167.63 billion yuan, accounting for 35.5 percent of total income, compared with 32.7 percent in 1986.

The net profit reaped from every 100 yuan invested dropped by 12.6 percent to 182 yuan last year from 205 yuan in 1986.

The report called the declining profit margin a noteworthy problem. In the past five years, the net return per 100 yuan has been going down at an annual rate of 11.8 percent, from 300.7 yuan in 1983 to 182 yuan in 1987.

With production costs deducted, the report said, total net income from rural economy in the 26 areas was estimated at 304.35 billion yuan, an increase of 9.5 percent over the previous year.

The state is to collect 10.72 billion yuan from the total net income as its profit and tax revenue, while another 15.01 billion yuan will be retained by collectives.

Individual farmers may keep a total of 306.08 billion yuan, which also includes their wage incomes from rural industries, the report said. This represents an increase of 19.75 billion yuan or 6.9 percent in their personal incomes, compared with the previous year.

Grain Price Drops Encourages Pig Breeders
OW200450 Beijing XINHUA in English 0245 GMT
20 Feb 88

[Text] Beijing, February 20 (XINHUA)—A drop in grain prices has spurred pig breeding in China's 12 major pig producing provinces, the "ECONOMIC DAILY" reported today.

Pig stocks in the provinces rose nearly 3 percent between August and November last year, with 81 percent of the rural households now engaged in pig breeding, an increase of 19 percent over last year.

Last year's good harvest has made the difference.

Farmers in Shanqiu Prefecture, central China's Henan Province, are paying 0.38 yuan a kilogram for maize, 27 percent lower than last year.

Higher prices for pigs have also helped stimulate production, the paper said.

Also, local governments are supplying pig farmers with more fodder, loans, improved technology, and disease prevention help.

Pork shortages in major Chinese cities, including Beijing, Shanghai, and Tianjin, forced rationing, beginning last fall.

Some University Graduates Find Own Jobs
OW201112 Beijing XINHUA in English 0804 GMT
20 Feb 88

[Text] Beijing, February 20 (XINHUA)—Graduates from Qinghua University can compete for jobs on their own rather than have the state simply assign jobs for them, the standard practice at most Chinese universities today, a national paper devoted to intellectual readership reported today.

Since 1985, the "GUANGMING DAILY" said, about 3,000 graduates from the university, China's largest specializing in science and engineering, have found jobs through job competition or their own initiative.

The school introduces students to key enterprises a year before graduation and publishes information on job opportunities the term prior to graduation. It also sets up interviews with employers and writes letters of recommendation for graduates wanting to return to their hometowns.

Graduates in poor health or with poor school records can only expect a ticket home. It is up to them to find a job by themselves.

The practice has motivated students to study hard and broaden their knowledge, the newspaper said.

Correction to Zhang, Song Attend Meeting

The following correction pertains to the item headlined "Zhang Jingfu, Song Jian Attend Meeting", published in the 2 March China DAILY REPORT, page 31: Page 31, paragraph five, only sentence: ...commission, and Qian Xuesen, chairman of the... (changing name from "Xueseng" to "Xuesen")

East Region

International Bidding Opens for Power Station *OW030023 Beijing XINHUA in English 1828 GMT 2 Mar 88*

[Text] Fuzhou, March 2 (XINHUA)—International bidding opened here today for the construction of the Shuikou Hydroelectric Power Station, which will be the largest of its kind in east China.

Businessmen from Italy, Canada, Japan, China and Yugoslavia participated in the bidding for building two of the station's generating units and their auxiliary equipment.

Previously, two biddings were held for the station's foundation work and hydraulic turbines.

With a 500 million U.S. dollars loan from the World Bank, the project will be used for both electricity generation and navigation.

Situated on the middle reaches of the Minjiang River in Fujian Province, the station, a key project for China's Seventh Five-Year Plan (1986-1990), will have a total capacity of 1.4 million kw and all its seven generating units will be in use by 1995.

The construction of the dam, generator buildings, transformer substations, shiplocks and switchgear center has already started.

Chen Guangyi Attends Fujian Flower Show *OW030057 Fuzhou Fujian Provincial Service in Mandarin 1100 GMT 1 Mar 88*

[From the "News" program]

[Text] The exhibition hall of the provincial Foreign Trade Center was brightly lit last night. Leading comrades from the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, and the provincial Discipline Inspection Commission were in the hall visiting a sale-exhibition of flowers, birds, and ornamental fish of both domestic and foreign species.

With great interest, Chen Guangyi, Wang Zhaoguo, Jia Qinglin, and other comrades visited the various sections of the exhibition and, in particular, inquired about the production and export of flowers. They all spoke highly of this exhibition.

Chen Guangyi said: Development of flower production requires neither investment from the state, nor the supply of raw or semifinished materials. Since flower production is an exchange-earning undertaking, we should go all out to develop it.

Xiamen Pushing Ahead With Reform in 1988 *OW022307 Beijing XINHUA in English 1442 GMT 2 Mar 88*

[Text] Xiamen, March 2 (XINHUA)—Xiamen, one of the country's four special economic zones, will deepen its reform in 1988, said Zou Erjun, mayor of this city in coastal Fujian Province.

"We will try to attract more foreign investment and improve conditions for building the export-oriented economy this year," said Zou at a press conference Monday.

The city will continue to improve the contract system now practised in most of the enterprises in the zone but will waive taxes levied on enterprises for distributing bonuses, Zou said.

"We will create opportunities for more competent persons to run enterprises, put small and bankrupt enterprises up for auction and introduce a share-holding system into large enterprises," Zou said.

He said that shares will be available to be bought by other enterprises in the money market.

He also promised to offer freer prices for farming and sideline products, and grant subsidies to residents to offset price rises.

According to the mayor, the city will establish bodies to oversee auctions, stock exchanges and brokers and an office specially serving foreign-funded enterprises.

The city government is preparing to restore the pawnshop system, which was common before the founding of New China in 1949 and set up locally funded monetary and insurance organs, he said.

In political reform, Zou said that the leading party members groups which have been supervising various government organs will be gradually disestablished.

"We will also make more efforts to cut red tape to improve work efficiency," he said. He added that business and land auctions will begin in April.

Jiangsu Announces High Technology Zone *OW030109 Beijing Xinhua Domestic Service in Chinese 0653 GMT 1 Mar 88*

[By reporter Gao Feng]

[Text] Nanjing, 1 Mar (XINHUA)—The people's government of Jiangsu Province has decided to take advantage of the preponderance of scientific research units and institutions of higher learning in Nanjing to establish a high technology development zone in the city's Pukou Ward. This was recently announced by Governor Gu Xiulian at the seventh provincial People's Congress.

Nanjing City is rich in scientific and technological resources. At present, it has 329 scientific research units of various kinds and 45 institutions of higher learning, occupying a decisive position in our country in the fields of bioengineering, electronics, chemical, and machinery industries. But these scientific research units and institutions of higher learning have been subjected to limitations in geography, manpower, facilities, and funds, and many scientific research achievements have not been able to become productive forces. Many economic institutions have not been able to develop rapidly, due to the lack of scientific and technological capability. The purpose of the Pukou High Technology Development Zone is to integrate closely these scientific research, education, and production institutions, make up for each other's deficiencies, and advance together on a mutually beneficial basis. The head of Pukou Ward, Chen Xueling, said at a briefing: The Pukou Development Zone is located at the northern end of the Changjiang Bridge in Taishan New Village. It is the starting point of the Nanjing-Yangzhou-Pukou-Hefei Highway. Communications here is convenient and facilities for water, electricity, and gas are complete. It is an ideal location for establishing a high technology development zone. Currently, the Nanjing Technical College is sending a specialist group, made up of 40 professors, scientists, and technicians, to the development zone to investigate, and has provided over 30 scientific research achievements for the zone. Nanjing University has also made preparations to construct a biochemical pharmaceutical plant in the development zone to produce 5 series of 35 export-oriented products.

Chen Xueling said: As a development zone, open to all in the province, country, and overseas, we welcome all kinds of scientific research, production, and educational institutions in the county and overseas to our development zone to carry out joint development.

Jiangxi Congress Holds Committee Meeting
OW020845 Nanchang Jiangxi Provincial Service
in Mandarin 1100 GMT 29 Feb 88

[Excerpt] The first session of the seventh provincial People's Congress opened today at the Jiangxi Guesthouse. Among items on the session's agenda are: To relay important documents of the CPC Central Committee, study the Constitution and the organic law governing local governments, and discuss ways to strengthen the provincial People's Congress. The session will also discuss and examine relevant documents, a draft resolution on conducting a province-wide inspection on the implementation of law, and appointments and removals of the secretary general of the provincial people's government and directors of the various commissions, departments, and bureaus.

Xu Qin, chairman of the provincial People's Congress Standing Committee, presided over the meeting. Vice Chairmen Wang Zemin, Pei Dean, and Huang Xiandu attended the session. Present at the session as observers

were Deputy Governor Jiang Zhuping and responsible persons of the provincial Higher People's Court, the provincial People's Procuratorate, and relevant departments of the provincial People's Congress Standing Committee. [passage omitted]

Shandong Conference on Foreign Trade Development

SK030725 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 28 Feb 88

[Text] On the afternoon of 28 February, the provincial government held a conference at the assembly hall of Qingdao Huanghai Hotel. The purpose of this conference was to issue policies on foreign trade and economic and technological exchange, to introduce the opening of the province to the outside world, to arrange the further development plan, and to introduce the policy measures that have been mapped out and will be put into practice.

More than 1,000 people, including compatriots from Hong Kong, Macao, and Taiwan, Overseas Chinese, foreign businessmen, guests in and outside the province, and Chinese and foreign journalists, were invited to the conference.

Liang Buting, secretary of the provincial party committee, presided over the conference.

Jiang Chunyun, governor of the province, made a speech. He said: As a coastal province in China, Shandong enjoys many exceptional advantages in implementing the open policy, developing foreign trade, and conducting technological cooperation with foreign countries. The major tasks for developing foreign trade and conducting economic and technological exchange in the foreseeable future are: to accelerate reform of the foreign trade system; to enliven foreign trade enterprises; to create more foreign exchange through exports; to positively develop labor-intensive or labor- and knowledge-intensive industries; to vigorously develop exports of processed products; to put both ends of the production process—the supply of raw materials and the marketing of products—on the world market; to vigorously develop processing and assembling with material and specifications provided by foreign firms and the compensation trade; to positively assimilate foreign capital; to develop Sino-foreign joint ventures and wholly foreign-owned enterprises; and to guide the economy of Shandong to a path of development oriented under the guidance of the international market.

Jiang Chunyun pointed out: To create a new situation of foreign trade and economic and technological exchange, we are going to adopt the following 10 policy measures.

First, we should open the province in every direction. Both official and nongovernmental cooperation and exchange can be developed. Foreign businessmen are welcomed not only to conduct economic or technological cooperation with our enterprises but also to run wholly

foreign-owned enterprises in Shandong. Foreign businessmen are welcomed to invest in coastal cities as well as in inland and rural areas. They are welcomed to conduct economic and trade cooperation and to conduct technological and information exchange with our province. They are welcomed to cooperate not only with state large and medium-sized enterprises but also with collective-owned and town and township enterprises in our province.

Second, we should vigorously improve the investment environment. The province plans to build Qingdao (Qianwangang) wharf; expand Weihai wharf; and continue the construction of Yantai Xigang (? paper), Shijiang, and Lanshantou wharves. The province also plans to make preparations for building a liquefied chemicals wharf; attend to building the Jinan (Yaoqiang) international airport, the Weihai (Dashuipo), and the Jining (Jiaxiang) airports; and make preparations for opening the Qingdao-Hong Kong air route and international air routes in Yantai and Qingdao. The first-class highway between Qingdao and Yantai should be completed and the first-class highway between Jinan and Qingdao should start construction this year. A highway linking such coastal areas as Qingdao, Weihai, Yantai, and Weifang should be built. The program control telephone systems in Qingdao, Yantai, and Jinan will be made available to users in the near future. The preparatory work for building the Weihai City key communications project is in full swing. Efforts should be made to open more international communications lines and to perfect the international communications service among several key cities. The land management system reform should be carried out in Qingdao and Yantai Cities. We should separate the land ownership right from the right to land use; carry out the system of paid utilization of state land within a fixed period; carry out the method of selling or leasing the right to land use; and carry out the method of asking for loans from banks with the right to land use left as a security.

Third, we should further enliven the utilization of foreign capital and foreign exchange and financial work. Starting this year, the province will develop foreign exchange markets on a trial basis and make efforts to set up a center to bring in and use foreign exchange in Qingdao.

Fourth, we should implement and perfect policies on foreign investment. From now on, the province should collect land use fees from foreign-funded enterprises according to the low ceiling targets defined by the state. It should also carry out the policies on allowing foreign-funded enterprises to enjoy tax reduction and exemptions.

Fifth, we should further perfect the preferential policies on developing processing and assembling with materials and specifications provided by foreign firms. The provincial government has formulated 23 provisional regulations on vigorously developing processing and assembling with materials and specifications provided by

foreign firms and the compensation trade. The major points of the regulations are as follows: The industries of processing and assembling with materials and specifications provided by foreign firms are allowed to enjoy business and income tax exemptions in the first 3 years. The rights to examine and approve the projects processed and assembled with materials and specifications provided by foreign firms should be delegated to the relevant units at the county level. The rights to conduct talks and sign agreements on cooperation with foreign firms should be delegated to enterprises.

Sixth, foreign-funded enterprises should be managed according to international practice. Sino-foreign joint ventures should be managed by both Chinese and foreign parties, or be managed by foreign businessmen only. Foreign-funded enterprises are allowed to invite their managers and technicians from among the best at home or abroad.

Seventh, we should create favorable conditions for serving the production and management of foreign-funded enterprises. We should give priorities to ensuring the supply of water and electricity and the transportation and communications service for foreign-funded enterprises on the premise of collecting the fees in these fields according to the standards for collecting fees from the local state enterprises.

Eighth, we should accelerate the reform of foreign trade structure to enhance the vitality of foreign trade enterprises. The right to manage foreign trade enterprises should be delegated to lower levels. The contracted management responsibility system should be carried out among foreign trade enterprises in order to eliminate the malpractices of everybody eating from the same big pot due to monopoly operation.

Ninth, we should positively reform the leadership system and improve work efficiency. Responsible departments should examine ordinary affairs within 10 days and major affairs within 30 days. If the higher-level organs with decision-making authority do not give an answer in 30 days, the units that submit reports to the organs for approval are allowed to consider their reports approved and to implement them.

Tenth, we should carry out the method of direct calling between foreign businessmen and mayors or governor. From now on, the situation of implementing the relevant policies formulated by the state and the province should be examined every year.

Shanghai Catholic Church Appoints Bishop
HK030710 Beijing ZHONGGUO XINWEN SHE
in Chinese 1319 GMT 1 Mar 88

[Report: "Jin Luxian Elected Bishop of Shanghai Catholic Church"]

[Text] Shanghai, 1 Mar (ZHONGGUO XINWEN SHE)—The Administrative Committee of Shanghai Catholic Church held Standing Committee and plenary meetings today. They elected Jin Luxian as bishop of the Shanghai Diocese.

Bishop Jin Luxian was born in Chuansha county of Shanghai in 1916. His family was Catholic. When he was young, he studied in the Xuhui Middle School. After graduation, he decided to cultivate himself according to the Catholic doctrine and began to study literature, philosophy, and theology. He did very well in these studies.

In 1947, he went to France, Germany, and Italy to continue his studies and obtained his doctorate degree there. He has a good command of several foreign languages.

At the beginning of 1951, he returned to China and was appointed head of the Xuhui Monastery.

In 1982, he was appointed head of the Sheshan Monastery, which was established jointly by the churches of the six east-China provinces and Shanghai. He has made great contributions to the training of a younger generation of patriotic clergy.

In 1985, Jin Luxian was elected assistant bishop of the Shanghai Diocese and was blessed as the bishop.

In recent years, he has visited the Philippines, West Germany, the United States, Belgium, France, and Switzerland, making notable achievements in promoting the mutual understanding and friendship between Chinese Catholics and the Catholics of other countries.

The inaugural ceremony for Bishop Jin Luxian will be held on the morning of 3 March.

Central-South Region

Shenzhen, Hong Kong Cooperation Beneficial
OW022359 Beijing XINHUA in English 1554 GMT
2 Mar 88

[Text] Shenzhen, March 2 (XINHUA)—Cooperation between Shenzhen and Hong Kong is important to Shenzhen and conducive to the prosperity and development of Hong Kong, said Li Hao, mayor of Shenzhen, one of China's four special economic zones.

At a press conference this afternoon, Li told reporters from Hong Kong [word indistinct] that he looks forward to greeting Sir David Wilson, governor of Hong Kong, who was due in Shenzhen the next day at the invitation of the mayor for a one-day visit to the city.

Li revealed that since the establishment of the zone in 1980, the city has used 1.8 billion U.S. dollars in foreign investment. Of this money, 60 percent came from Hong Kong. "This indicates the important role played by Hong Kong in Shenzhen's development," he said.

The governor's visit indicates that the Hong Kong Government sets great store by their mutual cooperation. Li expressed satisfaction with cooperation so far and was optimistic about future cooperation.

The mayor also explained Shenzhen's progress last year and outlined plans for its future economic development.

Shenzhen To Open Further To Foreigners
HK030823 Hong Kong HONGKONG STANDARD
in English 3 Mar 88 p 1

[By Chan Wai-fong]

[Text] Shenzhen, China's Special Economic Zone (SEZ) bordering the south, is likely to further simplify its entry and exit formalities to facilitate its economic development.

At present, foreigners are allowed five days of visa-free entry into the zone and overseas investors enjoy special tax privileges.

Shenzhen mayor, Mr Li Hao, told reporters yesterday that agreement had been reached to simplify the formalities in principle. The problem was how to implement them, he added.

Shenzhen, he said, would enjoy the same authority in management and planning as the provinces once draft proposals received the official seal. The SEZ would then report directly to Beijing.

Mr Li denied that the Guangdong provincial authority was against the SEZ's plan.

"The issue does not exist. The more autonomy the SEZ has, the better it will be. And the province will also share the advantages," the mayor said.

Later this month, the SEZ will open its first market for raw materials, domestic and overseas entrepreneurs in the electronics.

Mr Li said the opening of the market was essential for SEZ's economic reforms. Without this change, other reforms would be difficult to implement, he said.

A housing reform plan was also expected to be implemented by July, the mayor said.

Earlier deputy mayor, Ms Li Chuanfang, said more land would be sold by public auction this year.

Hainan Holds Public Security Meeting
HK021547 Haikou Hainan Island Service
in Mandarin 1100 GMT 26 Feb 88

[Excerpts] Liang Xiang, deputy head of the preparatory group for establishing Hainan Province, gave a speech at a 25 February work conference on the island's public

security. He demanded that areas throughout the island mobilize, go all out to promote public security work, and create a fine public security environment to greet the birth of Hainan Province, the largest special economic zone in China.

Comrade Liang Xiang noted: To establish Hainan Province and to run it as a large special economic zone, it is absolutely necessary to promote public security in Hainan. Comrade Zhao Ziyang recently specially pointed out: It is imperative to create a fine public security environment in Hainan for the purpose of enabling investors to have a sense of security and ensuring the protection of life and property on the island. Only by doing this can we attract more people to invest in Hainan. Overall, the current Hainan Island public security situation is relatively good and stable. [passage omitted]

Comrade Liang Xiang said: However, the island's public security situation is not stable enough. At present there are still latent factors of instability. Public security organs at all levels must remain sober-minded in this regard. To enable the Hainan people to be at ease, our public security organs must guard against slackening their efforts to promote public security work, crack down on crimes, and improve management. [passage omitted]

Comrade Liang Xiang added: We must strictly guard against infiltration, sabotage, rumors, troubles, [word indistinct], defections, and intelligence gathering being carried out, stirred up, incited, or promoted by external espionage agencies and reactionary forces as well as international terrorist organizations. We must on no account allow enemy plots to succeed. [passage omitted]

Hunan Stresses Spring Farming Mobilization
HK030257 Changsha Hunan Provincial Service
in Mandarin 0100 GMT 2 Mar 88

[Excerpts] The provincial government publishes at the masthead of today's HUNAN RIBAO a circular on urgently mobilizing to do a good job in spring farming. The circular says: We are now in the busy spring farming period. The following circular is issued in order to do a good job in spring farming and reap an all-round bumper harvest this year:

1. Seriously implement the party's rural economic policies. The vitality of agriculture lies, as before, in implementing and relaxing the policies, to fully stimulate the peasants' enthusiasm. We must act according to the law of value, continue to reform the procurement system for agricultural and sideline prices, and further perfect the dual-track system for grain procurement and sales.

The contract delivery quota will be kept unchanged for 3 years, beginning this year. There is no change in linking grain contracts to chemical fertilizer, diesel fuel, and

prepayment. We must ensure that these links are made good, so as to gain the people's trust. Peasant households can freely sell their grain after fulfilling contract quotas.

2. Stabilize the household contract system with payment linked to output, and perfect two-level management. Developing and perfecting two-level management is an important content of deepening rural reforms. It is also an important cardinal link in promoting rural economic development. We must get a good grasp of stabilizing the household contract system with payment linked to output and developing courtyard economy, and develop village-run economy with services as the mainstay. This must be regarded as the focal point in further perfecting and promoting two-level management.

Household contracted management is suited to the current agricultural productive forces and to the demands of developing commodity economy. It is the basis of rural two-level management and is also the basis of developing rural cooperative economy. We must keep this system stable for a long time.

All localities must strengthen guidance and adopt the correct policies in actively encouraging and supporting the peasants in using their surplus labor and time to vigorously establish and operate household forest and fruit farms, stock-raising farms, small shops, and small processing factories. They must also comprehensively exploit various resources and develop more opportunities for expanding their field of production.

Starting with providing good service for household operations, we should vigorously develop village-run economy with services as the mainstay. This is an important level in perfecting two-level management.

3. Vigorously popularize agricultural science and technology. [passage omitted] This year the province should popularize 20 advanced agrosience items including hybrid rice, the development of fields yielding 1 ton of grain per mu, improvement of medium- and low-yielding land, scientific manure application, optimum cross-breeding of livestock and poultry, development of wide tracts of water, and rural energy and farm machinery.

4. Do a thoroughly good job in preparing for spring farming. [passage omitted] Great importance must be attached to grain production. While stabilizing the sown area, we must strive to improve yields. We must also strive for a big increase in total output this year. [passage omitted] Coal and power supplies must be guaranteed as far as possible for industries supporting agriculture. It is strictly forbidden to indiscriminately hike prices of agricultural production materials, so as to protect the peasants' interests.

5. Tangibly strengthen leadership over spring farming. Leaders at all levels must extensively publicize the guidelines of the 13th National Party Congress and the spirit of the series of recent important instructions issued

by the CPC Central Committee and State Council. We must have a clearer idea on the strategic position of agriculture and firmly establish the idea of regarding agriculture as the foundation. We must tangibly strengthen leadership over spring farming. [passage omitted]

Hunan Meeting Proposes To Boost Agriculture
HK030209 Changsha Hunan Provincial Service
in Mandarin 0100 GMT 3 Mar 88

[Text] Reflect on the past, deepen reforms, formulate favored treatment policies, and press forward Hunan's agriculture to new heights this year—this was the central agenda of the provincial agricultural work conference which concluded yesterday.

Hunan's agriculture developed rapidly after the 3d Plenary Session of the 11th CPC Central Committee. However, there are also many problems facing it at present. Since breaking through the 26.5 billion kg mark in 1983, grain production has stagnated for 4 successive years, and the amount of grain available per person has dropped by 15 kg. In particular, last year the provinces around Hunan all increased grain production, whereas Hunan's own output declined by 400 million kg.

The meeting held that the main reasons for this phenomenon were that production investment declined, there were sharp contradictions between the supply and demand of production materials, and the sown area of grain was reduced.

After reflection, leaders at all levels understood the potentials for reviving grain production. They resolved to adopt favored treatment policies to mobilize the peasants' enthusiasm for growing grain. These policies are as follows:

1. Continue to perfect the dual-track system in the procurement and sale of grain. Grain contracts will be kept unchanged for 3 years, beginning this year. Peasant households may freely sell their grain within their counties after completing the contract delivery quota. After a county fulfills its grain delivery quota, its grain can be sold in other provinces.

2. Raise the procurement prices of some grain and oil crops. Beginning in April, methods of industrial and commercial concessions and financial subsidies will be respectively adopted for cotton and sugar. Subsidies will also be instituted. Procurement prices of wheat, rapeseed, and rapeseed oil will be appropriately increased.

3. Investment in agriculture will be increased. This year the province will increase water conservancy investment by 23 million yuan. It will also allocate 7 million yuan from the grain contract purchase capital as funds for technological improvement in grain production. The province must also increase output of pesticide, chemical fertilizer, and other production materials.

4. Continue to apply favored treatment policies to popularize 20 advanced agricultural technology items, including the development of fields yielding 1 ton of grain per mu

Hunan Warns of Imminent Electric Power Shortage
HK030433 Changsha Hunan Provincial Service
in Mandarin 0100 GMT 3 Mar 88

[Text] According to predictions of the departments concerned, Hunan will be short of electric power during March and early April. The provincial electric power bureau hopes consumers will consume power in a planned way to ensure the normal operation of production.

In January and February this year, the maximum load of the provincial power grids was respectively 24 percent and 35 percent more than in the same months last year. This high consumption was never before experienced in the province during the low-water season. However, power supply was still unable to meet the needs of industrial and agricultural development and of people in urban and rural areas. Hence, it is essential to supply electric power in accordance with a plan. However, certain units regularly consume more power than allowed by the plan and grab electricity in order to carry on production. This poses a threat to the safety of the power grid. Unable to find out the real reason for this, the power supply departments have no alternative but to restrict supplies.

Now that the Spring Festival is over, power consumption in industry and agriculture will increase. And due to overloading during January and February, with the rapid drop in reservoir storage and a slight shortage of coal, the province's power grids' output will be affected during March. Electric power departments therefore hope that government departments at all levels will strengthen leadership over power consumption work and mobilize consumers to spontaneously make proper plans for consumption. Consumers must make allowances for the difficulties of the electric power departments and make proper arrangements for production during the period of shortage. They should plan production according to power supply and ration their power consumption.

Southwest Region

Sichuan Meeting Stresses Support for Poor Areas
HK030311 Chengdu Sichuan Provincial Service
in Mandarin 0100 GMT 2 Mar 88

[Excerpts] The fourth Sichuan provincial conference on work concerning poor areas opened in Wanxian County yesterday. [passage omitted]

Liu Chunfu, head of the provincial leadership group on work concerning poor areas, gave a speech. He pointed out that resolving the food and clothing problem for the

great majority of the peasants during the Seventh 5-Year Plan is an extremely arduous and tough task. This problem has been solved for the majority of the 9 million peasants who were suffering from it as a legacy of history. The degree of poverty among those for whom the problem has not yet been solved is even more serious. In resolving the problem in 2 or 3 years, the time is pressing and the difficulty even greater.

In judging whether a place has solved the food and clothing problem, we should not just look at the average net income of a whole county or township but at what state each household is in; we should guard against the phenomenon of one 10,000-yuan household concealing several dozen or as much as 100 poor households. This requires that we do our work in a more down-to-earth way, taking responsibility for each household and solving the problem for each household. The problem is certainly not one that can be resolved by holding a few meetings, issuing a few documents, and indulging in several years of empty talk.

Xizang Political Prisoners Acknowledged
HK030540 Beijing ZHONGGUO XINWEN SHE
in Chinese 1447 GMT 28 Feb 88

[Report by ZHONGGUO XINWEN SHE reporter Geng Jun (5105 6511): "Visit to a Prison in Lhasa"]

[Text] Lhasa, 28 Feb (ZHONGGUO XINWEN SHE)—Two white buildings with barred windows, which cost more than 1 million yuan, and rows of bungalows and some farm land are encircled by high grey stone walls with electrified wire netting above. This secluded and mysterious courtyard is the Tibet Autonomous Region Prison.

Ma Yongchuan, the prison's correction director, said when being interviewed by this reporter: "The prisoners here are all convicts sentenced to imprisonment by the courts according to law in Tibet. There are now 345 prisoners in this prison. The most serious cases are convicts who were sentenced to death with a 2-year reprieve; and the least serious are convicts who were sentenced to 2 years' imprisonment. All women convicts in Xizang are jailed in this prison; there are 32 women prisoners at present."

Director Ma did not deny that there were also political prisoners in the prison. He said: "Twelve convicts who were guilty of counterrevolutionary crimes are now in jail. Some of them began to stir up trouble in the 1960's for the 'independence of Tibet.' Some were sent back to Tibet to collect military and other information after receiving spy training in foreign countries."

Male prisoners are jailed in the two buildings. When visiting their quarters, this reporter found that a Tibetan-style door curtain was hung on each of the doors. Inside was a bucket for holding butter tea. On the table by the window, special Tibetan-style trays were laid to

hold candies and other offerings to celebrate the Tibetan New Year. A prisoner told this reporter: "Like people in society, we can also enjoy 6 days of New Year Holidays. The guards did not return home for their family reunion, but celebrated the New Year with us. We put on performances designed and organized by ourselves, and played basketball games. During the festival period, we had three dishes each meal."

The quarters for women prisoners are located in a bungalow. Fruit trees are planted in the large courtyard of more than 1,000 square meters. The women prisoners were sitting outside the house. Some of them were enjoying the sunlight. Some were knitting sweaters. A Han woman prisoner, Wu Xiaoli, told this reporter that their jobs in the prison were to knit sweaters and plant vegetables for the whole jail. During her prison term, she is also taking correspondence medical lessons from a secondary vocational school in Guizhou. In the working area of the prison, there are sewing and machine repairing workshops, a chicken farm, and six rows of large hothouses for planting vegetables. Director Ma told this reporter: The prison repairs more than 100 vehicles and motorcycles each year. It has not only planted vegetables for the prison's own consumption but also sold some to the markets. The prisoners can earn more than 80 yuan a month to meet their living expenses, and can earn a yearly bonus of 8 to 25 yuan.

In the cultural center for the prisoners, a former Lhasa secondary school teacher, who was jailed for embezzling public money, showed this reporter the graduation certificates he obtained from the chemical engineering college of Beijing United University after completing correspondence courses in "economic laws," "electrical science," and "civil engineering." He also showed this reporter his experimental plot for planting a valuable type of Tibetan medical herb. In one of his experiment reports, there were long encouraging remarks written by Ni Zhicheng, an associate researcher of the Xizang Regional Plateau Biological Research Institute. According to Director Ma, the prison now has two Chinese language classes equivalent to the primary and junior secondary school levels. It also has three Tibetan language classes respectively at the beginner's level, the primary school level, and the junior secondary school level. Now, 280 prisoners are studying in these classes. They study for at least 14 hours a week. Last year, 40 prisoners succeeded in overcoming their illiteracy, 39 of them Tibetans. In addition, more than 40 prisoners have taken various correspondence courses given by universities. More than 30 people have obtained graduation certificates.

Noticing the high watchtowers, this reporter asked: "Has anybody tried to escape from prison?" Director Ma answered: "There were two cases last year. In one case, two prisoners fled to Xigaze and were caught there. Prisoners who escape will be punished by having their prison terms extended." "Then, if the prisoners behave well, can their prison terms be shortened?" "Yes, of

course. Not long ago, we held a year-end review meeting, and 7 prisoners were released on parole, and 58 people's prison terms were shortened. For some people, the prison term was reduced by 5 years."

Director Ma added: "Relatives of the prisoners can come to the prison to visit them on the 15th of each month. Tibetan families can bring raw beef and butter to their relatives in jail. Families coming from the farming and pastoral areas are not subject to time limits for the visits. When riots occurred last year in Lhasa, the measure allowing people to visit their relatives was not suspended."

This reporter asked: "If a prisoner died of illness in jail, would you handle the funeral in any special way?" Director Ma answered: "The relatives of the dead claim the body. The prison will give them 200 yuan for funeral expenses. If the prisoner has no relatives, we will send the body for a 'heaven funeral.' In the 1960's, dead prisoners were all buried."

When this reporter was saying his goodbyes, the management personnel of the prison, an official of the Public Security Department of the Tibet Autonomous Region said: "We will build this prison into a civilized prison for the whole of Tibet."

Xizang Monks Remain Hostile Toward Chinese
HK020440 Hong Kong AFP in English 0419 GMT
2 Mar 88

[By Patrick Lescot]

[Text] Lhasa, March 2 (AFP)—Chinese authorities apparently face continued hostility from a large number of Tibetan monks here, many of whom are open about their desire for an independent Tibet despite being under surveillance.

"We are the pupils of (exiled spiritual leader) the Dalai Lama, not the Chinese Communist Party," whispered several of the 700 monks gathered at the Jokhang temple Tuesday for the eight-day Great Prayer festival, Tibetan Buddhism's most important religious event.

The conversation died down when the monks noticed a Chinese official nearby.

"There are many policemen here, we are under close watch," one of them said.

The authorities permitted the Great Prayer festival, banned for 20 years until 1986, to be held again this year despite anti-Chinese riots in Lhasa in September and October which left between six and 13 people dead.

A third of the monks at the Jokhang were very young, some only 10 years old.

According to several monks and independent sources, these young monks took part in the festival in return for a promise that they could soon join a monastery and stand a chance of becoming "living Buddhas."

The festival, which began Thursday and coincides with the Tibetan New Year, was supposed to bring together at least 3,000 monks from Tibet's main monasteries but a number of them have boycotted the ceremonies.

"No, we don't want to take part," said monks at Drepung monastery near here, which traditionally organizes the festival. Only 20 or so of the more than 400 monks at Drepung attended the prayers at the Jokhang temple, they added.

Perched on the mountainside at an altitude of some 4,000 meters (12,000 feet), the fortress-like monastery is considered a bastion of religious opposition to the almost 30 years of Chinese presence in Tibet.

About 200 monks took part in prayers at Drepung Monday in what religious leaders there said was a counter-festival to that organized by the Chinese.

Official Buddhist authorities told a press conference Saturday that about 1,260 monks had gathered at the Jokhang temple.

Monks from Drepung and other monasteries said a "work group" of about 50 Tibetan communists had tried unsuccessfully in October to convince them that Tibet has been part of China since the 13th century, contradicting the opinion of the Dalai Lama, who fled into exile in India after a 1959 uprising.

The work groups abandoned their campaign in December and turned to surveillance, the monks added.

"Tibet equals a country," said many of the monks who spoke to this correspondent, sometimes in Chinese, sometimes in English.

The monks' hostility towards the Chinese is largely based on the severe repression that followed the 1959 uprising and the excesses of the Red Guards during the 1966-76 Cultural Revolution, observers said.

Casually stretched out on the steps of the Jokhang, a monk of around 60 who said he had spent 20 years in prison pointed to the surrounding mountains and said: "Marxism? Leninism? The thoughts of Mao Zedong? That's not for us."

Monks were both the spiritual and temporal authorities in Tibet before the Chinese invaded in 1950 and continue to be the object of fervour among the population, whose offerings furnish two-thirds of the clergy's revenue.

They have enjoyed a renaissance since 1978, when Deng Xiaoping took over as Chinese leader and adopted a more tolerant policy towards religion.

Trucks filled with Chinese troops, sometimes armed with machine guns, occasionally passed through the streets of Lhasa Tuesday. Tibetan children pretended to fire at them with plastic toys.

The festival reaches its climax with the full moon Thursday night.

Northeast Region

Heilongjiang Animal Husbandry Conference Ends
SK011154 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 28 Feb 88

[Text] The provincial animal husbandry work conference ended in Harbin on 28 February.

The conference stressed that it is necessary to use the province's favorable conditions in natural resources to actively develop animal husbandry in an effort to invigorate the rural economy. The conference called on all localities to define a production set-up that integrates agriculture with animal husbandry and animal husbandry with industry in line with their own local natural resources and economic conditions and to successfully carry out and invigorate animal husbandry.

Our province has suffered from a serious drop in hog production, which arouses social concern. All localities should realistically grasp hog production and consider it as one of the major political and economic tasks and strive to turn the downward trend up in order to gradually achieve pork self-sufficiency and to ensure the market supply of pork.

In future, we should induce the people to change the meat structure; actively develop the production of some grass-eating animals such as cattle, sheep, geese, and rabbits; and strive to change grass into meat, milk, and wool, to increase the supply varieties; to improve the structure of foodstuffs; to actively carry out the livestock-, rabbit-, and wildlife-raising industry, which requires a small investment but yields quick results and high economic benefits; and to turn animal husbandry into a major pillar industry in the province's rural economy within a short period of time.

The conference emphatically pointed out: While consolidating and raising livestock development in the western pastoral areas and central agricultural areas, we should develop and make full use of the eastern and northern mountainous and semi-mountainous areas and the Sanjiang Plain and raise the proportion of animal husbandry.

Heilongjiang Holds Conference on Sanjiang Plain
SK030959 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 2 Mar 88

[Text] On 2 March, the provincial government held a conference on developing and building the Sanjiang plain in the city of Jiamusi. Governor Hou Jie stated at the conference that developing the Sanjiang plain is one of the country's major strategic policy decisions and a major move to cope with our country's national economic development. He said: While developing and building the Sanjiang plain, we should adhere to the principle of reform and opening up. The Sanjiang plain is situated in our province's north-eastern part, with 22 cities and counties and 60 livestock, agricultural, and fish farms. The total area of the plain is 109,000 square kilometers, accounting for 23 percent of the province's total area. The Sanjiang plain has vast territory, good soil, rich water resources, and convenient traffic facilities. The neighboring lands are concentratedly connected. It has great value for development. It is one of the rarely seen areas worthy of development in China.

The conference pointed out: In developing the Sanjiang plain, we will implement methods for introducing investment from abroad, establishing lateral ties at home, and pooling the investment of the state, localities, and the masses. From 1988 to 1995, we will strive to build the Sanjiang plain into a stable and high-yield marketable grain producing base with an annual grain output of 9.6 billion kg; an agricultural product export base with an annual soybean output of 1 billion kg in an effort to earn foreign exchange; a livestock producing base with an annual output of 600,000 to 700,000 hogs; and a base for processing agricultural and sideline products.

The conference maintained that the emphasis in developing and building the Sanjiang plain should be placed on tapping the potential of existing arable land, carrying out intensive farming, raising per-unit area yield, and improving low-yield fields with the focus on developing paddy fields. The initial plans are: By 1992, we should reclaim 7 million mu of wasteland, and build the Sanjiang plain into a modern agricultural development area, with grain cultivation as the main product, while comprehensively developing forestry, animal husbandry, sideline production, and fisheries and comprehensively improving water and soil erosion, fields, forest land, and roads.

To achieve an ecological balance on the Sanjiang plain, at the conference it was emphatically pointed out: We should follow the road of achieving an ecological balance through artificial means and improve low yield fields by developing paddies. Before 1995, we should fulfill the task of planting 1 million mu of sweet clover between grain fields, and set higher demands on water conservancy construction. Successfully carrying out water conservancy construction is the precondition and fundamental way to develop the Sanjiang plain.

Zhao Qingjing, vice chairman of the provincial People's Congress Standing Committee, attended the meeting. Vice Governor Dai Moan attended and addressed the conference. Also attending the conference were responsible persons of the provincial Farm Administration and relevant departments in the city of Jiamusi.

Heilongjiang Military Officials Attend Meeting
SK030846 Harbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 2 Mar 88

[Excerpt] The date 5 March will mark the 25th anniversary of the learn-from-Lei Feng activities held by the people and the Army throughout the country. This morning, Shenyang Military Region held a meeting to exchange experience in learning from Lei Feng. The meeting commended advanced collectives and individuals of the military region emerged in learn-from-Lei Feng activities, and studied and discussed ways to deepen the activities under the new situation.

Among the 117 representatives of advanced collectives and individuals attending the meeting, 19 came from our province. Liu Jingsong, commander of the Shenyang Military Region, and Song Keda, political commissar, and other leading comrades, and leading comrades of our provincial Military District and PLA units stationed locally, including Ma Chunwa and (Dong Yisheng), attended the meeting. [passage omitted]

Jilin's Gao Di Attends Festival Tea Party
SK030840 Changchun Jilin Provincial Service
in Mandarin 1330 GMT 2 Mar 88

[Excerpt] To joyfully celebrate the Lantern Festival, this afternoon the Propaganda Department of the provincial party committee held a lively and enthusiastic tea party at the Nanhu Guesthouse in the city of Changchun.

Leading comrades of the provincial party committee, the provincial People's Congress, the provincial government, and the provincial CPPCC Committee, including Gao Di, He Zhukang, Huo Mingzhang, Liu Yunzhao, Wang Zhongyu, Liu Xilin, Li Yaquan, and Gu Changchun, and former provincial-level veteran leaders such as Yu Lin and Dong Su gathered happily under the same roof with nearly 400 representatives from ideological and cultural circles. The group sang and danced and talked freely about their hope to exert themselves to forge ahead and make progress every day during the year of reform.

The tea party was presided over by Gu Changchun. Comrades Wang Zhongyu and Liu Xilin addressed the party. On behalf of the provincial party committee and government, they heartily thanked the representatives for their hard work in building the province's two civilizations. [passage omitted]

Liaoning Agricultural Work Conference Ends
SK030647 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 1 Mar 88

[Text] The provincial agricultural work conference, which was attended by directors of various city agricultural bureaus, ended today. During the conference, Vice Governor Xiao Zuofu worked out plans for the preparatory work of this year's farming. He pointed out: Rural cadres and masses throughout the province should be mentally prepared. They should prepare for combating drought, overcome the mentality of slackening vigilance, prepare funds and materials for spring farming, and formulate measures for ensuring the full growth of seedlings early.

The provincial government called for efforts to restore our province's agricultural production to the level of 1984 and strive to guarantee that grain output will reach 14.5 billion kg. In the light of this situation, Xiao Zuofu offered the following suggestions for successfully carrying out preparatory work for plowing and sowing:

1. We should implement all farming plans well. We should also guard against substantially reducing the grain cultivation acreage while rationally readjusting the production set-up, combat drought to ensure spring sowing, strive to reduce soil packing to preserve moisture, and ensure the full growth of seedlings with one sowing.

2. We should firmly grasp the supply of agricultural capital goods, implement the policy of linking grain purchases by contracts with the supply of low-price chemical fertilizers and diesel oil and the payment of purchase deposits, and allow peasants to enjoy material benefits realistically.

3. We should mobilize the enthusiasm of all quarters, organize the supply of chemical fertilizers, agricultural chemicals, and agricultural plastic sheeting, and other farming materials. We should also strive to complete the remaining, supporting, and maintenance farmland capital construction projects, and display the role of these projects and facilities in agricultural production.

4. Leaders at all levels should exert efforts to accumulate manure to enrich soil fertility.

The agricultural work conference also discussed the Liaoning provincial method on rewarding those who participate in the competition to achieve a high yield of crops and to achieve a bumper harvest. It also discussed opinions on relaxing control over agrotechnicians and allowing them to contract for technical jobs.

Liaoning Family Planning Work Conference Ends
SK030547 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 28 Feb 88

[Text] The provincial family planning work conference, which was sponsored by the provincial government, ended in Shenyang today. The meeting relayed the guidelines of the national meeting of directors in charge of family planning work, summed up last year's provincial family planning work, and worked out this year's tasks.

Zhang Zhiyuan, vice chairman of the provincial People's Congress Standing Committee, and Wang Wenyuan, vice provincial governor, attended and addressed the meeting.

Wang Wenyuan said: This year our province's task of controlling population growth will be very arduous. Governments at all levels should establish and improve the leadership system over family planning work, realistically list family planning work on their agenda, and successfully carry out family planning work under the new situation of reform and opening up. All districts should actively resume, consolidate, and improve rural family planning grass-roots work networks, assign as soon as possible all full-time and part-time family planning cadres in townships and villages prior to the first half of this year, and rapidly solve the remuneration and welfare issues of the grassroots family planning personnel.

Wang Wenyuan said: During the process of the political structural reform, our province should not abolish family planning organs in cities, counties, and townships. Instead, it should strengthen them. All localities should adopt measures to encourage late marriage and late births, resolutely prevent early marriage and early births and the phenomenon of living together without getting married. At the same time, it is necessary to strengthen management over the floating population in the urban areas, firmly grasp the implementation of birth control measures, and strive to reduce unplanned births and unplanned pregnancy to the minimum.

Liaoning Citizens Compete for Overseas Jobs
OW030757 Beijing XINHUA in English 0703
3 Mar 88

[Text] Shenyang, March 3 (XINHUA)—A government functionary in the Liaoning Provincial Economic and Planning Commission has just been appointed as the general manager of a Hong Kong-based joint venture between the province and Hong Kong.

Li Wanshan came out as one of the winners Tuesday in an competition in which over 180 people applied for three overseas positions recently offered by the provincial government.

A provincial government official said that this amounts to a reform in the government personnel system in selecting people to work abroad and is a step to make the province open wider to the outside world.

Over the past few years, many local people have been sent abroad to work but most of them were sent by the government without public competition.

At the beginning of this year the government decided to resort to the new method to sort out the most competent figures for overseas positions. Within four days after the news was publicized through local media organs, about 185 people had applied.

Only after both oral and written examinations was Li finally appointed; two other senior engineers were appointed his deputies.

Northwest Province

Qinghai's Yin Urges Support for Poor Areas
HK030531 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 2 Mar 88

[Text] Provincial CPC Committee Secretary Yin Kesheng addressed a recent meeting of heads of provincial organ work groups for supporting the poor. He stressed that it is essential to regard helping poor areas to get rich as an important guiding principle in Qinghai. Party and government organizations at all levels must resolutely tackle this task. We must regard performance in supporting the poor as a major criterion in evaluating a leadership group or a cadre.

He said: Counties can only become rich if the people there become rich. Stability and unity are only possible if the people are well-off. If the masses are well-off, stability and unity in Qinghai will be more consolidated. With the peasant and herdsmen masses solving their food and clothing problems and living with ease of mind, our cadres can also enjoy psychological stability. In this respect, we must further emancipate our minds and devise more methods of eliminating poverty and enriching the people. We must guide the masses to develop production.

Comrade Yin Kesheng said: The life of comrades taking part in supporting poor areas is very hard. All units must be concerned for these comrades' work and daily life and help them to resolve various problems in their daily life, so that they can work with ease of mind and achieve still greater success.

Preferential Policies for Xinjiang Promulgated
HK030215 Hong Kong WEN WEI PO in Chinese
27 Feb 88 p 2

[Dispatch: "State Council Promulgates Nine Preferential Policies to Stimulate Xinjiang's Efforts in Opening Up to the Outside World"]

[Text] Beijing, 26 Feb—According to a report by JINGJI CANKAO, the relevant departments under the State Council have recently promulgated nine preferential

policies for Xinjiang. These policies will enable Xinjiang to vigorously develop its trade and economic and technical cooperation with the Soviet Union, Eastern Europe, and the Middle East countries, so that it will effect a breakthrough in opening up to the outside world.

According to the report, these nine preferential policies include the following: 1) The State Council approves the railway project in northern Xinjiang, which will link with the Soviet railway. The second phase of the project will be jointly carried out by the state and Xinjiang. 2) Efforts will be made to expand the international airport at Urumqi, to buy more airplanes, and to actively promote the air service between Xinjiang and Alma-Ata in the Soviet Union. 3) Preferential treatment, such as exemption from customs duties for foreign businessmen who make investments, and for enterprises' imports of goods and materials, will be extended from four to nine cities. 4) Efforts will be made to establish commodity export production bases in Xinjiang. The state will provide the region with a certain proportion of funds with the aim of forming a complete production network. 5) Xinjiang is allowed to set up economic and foreign trade offices in foreign countries, except Hong Kong and Macao, and other countries which have not yet established diplomatic relations with China. 6) Efforts will be made to simplify Xinjiang's import formalities. The region may also independently examine and approve import items, with the exception of some goods whose import is restricted by the state. But, Xinjiang must report to the state its imports of steel and wood once a year. 7) The State Council approves the plan to open up Huoerguosi port and Tuerqate port, which are located on the Sino-Soviet border, to persons from third countries (regions). 8) The State Council approves Xinjiang's plan for actively developing cotton production and for increasing the export of cotton. The state will make allowance for Xinjiang's export arrangements. 9) The State Council approves the plan for providing Xinjiang with a certain amount of foreign exchange for its regular use.

Xinjiang Military District Holds Party Congress
HK030129 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 2 Mar 88

[Text] The seventh party congress of Xinjiang Military District concluded today. The congress called on all party members, commanders, and fighters to thoroughly implement the guidelines of the 13th National Party Congress, unite as one, struggle hard, and press ahead with the reforms and construction of the units, centered on modernization.

The congress examined and approved the work report of the Military District party committee and the work report of the Discipline Inspection Commission. It elected the Military District's seventh party committee and its Discipline Inspection Commission.

Song Hanliang spoke at the conclusion of the congress. He said: While vigorously stepping up their own building, the units of the Military District have made major contributions to defending and building the border regions by actively taking part in building the two civilizations in Xinjiang. He called on the units to thoroughly implement the guidelines of the 13th National Party Congress, emancipate their minds, speed up and deepen the reforms, further develop the excellent situation of the region and the PLA units, and press ahead with all work.

In his speech at the conclusion of the congress, Gao Huanchang pointed out: We must regard strengthening nationality solidarity as our fundamental starting point in all work. We must firmly establish the idea of respecting the leadership of the party committees and government at all levels in the autonomous region and of loving the people of all nationalities in the region, actively support local socialist construction, and take the initiative in rescue and relief work. We must firmly establish the sense of responsibility of garrisoning the borders for the country's sake, vigorously promote combat-readiness training, and do a good job in guarding the great western gate of the motherland.

Tang Guangcai presided at the congress. The first plenary session of the seventh party committee of the Military District was held afterwards.

Li Teng-hui's Personal Background Discussed
HK020235 Beijing BAN YUE TAN in Chinese
No 3, 10 Feb 88 p 26

[Article by Duanmu Laidi (4551 2606 0171 1229): "Li Teng-hui, Successor to Chiang Ching-kuo"]

[Text] Chiang Ching-kuo died at 1550 on 13 January. Four hours and 18 minutes later, Taiwan's former "vice president" Li Teng-hui was sworn in as "president." A few days later, he was elected acting chairman of the KMT [Kuomintang] at a meeting of the party's central Standing Committee. Thus he became a noticeable political figure and attracted attention from people at home and abroad.

Li Teng-hui is regarded as an "enlightened" political figure in Taiwan. He opposes "Taiwan independence," upholds China's reunification, and holds that "Taiwan and the mainland form an inseparable entity" and that "'Taiwanization' is a blind alley." However, in his inaugural speech, he claimed that he will continue to carry out Chiang Ching-kuo's instruction of "adhering to the principle of opposing communism and recovering the lost land, and actively advancing democracy and constitutional politics."

Li Teng-hui, 66, was born in Sanchih township, Taipei City. He is the first Taiwanese "president" since the KMT regime began to rule Taiwan. His grandfather was a farmer, and his father was a miner. He is described by some people as a "standard son from an ordinary family." When he was young, he studied at Tokyo's Empire University and Taiwan University. He also studied in the United States twice, and obtained a doctorate there.

In 1972, when Li Teng-hui was 49 years old, he was "summoned" into Taiwan's "Executive Yuan" headed by Chiang Ching-kuo and was appointed an "executive councillor." He was then the youngest Taiwanese "cabinet member." After that, he began to play an active role in Taiwan's political circles. According to newspaper reports, when Li Teng-hui was an "executive councillor," he played a major role in the formulation of the regulations on agricultural development, the scheme for reforming forestry operations, and the plan for renovating the island's irrigation networks and water conservancy facilities. He published more than 150 articles, which included many brilliant ideas and opinions on developing Taiwan's agriculture.

In June 1978, Li Teng-hui was appointed mayor of Taipei. Three years later, was promoted to Taiwan provincial governor. In May 1984, he became "vice president" and was then only subordinate to Chiang Ching-kuo. His rapid promotion fully indicated that Chiang Ching-kuo highly trusted and regarded him. It was said that Chiang consulted Li about major policy issues almost every week. According to reports, Li Teng-hui has a scholar's prudent and serious attitude and an

entrepreneur's spirit of attaching importance to efficiency. When he was "vice president," he played the role of assistant to the hilt and helped Chiang Ching-kuo put a number of "political reform" measures into practice. This included the lifting of martial law, lifting the ban on organizing opposition parties and publishing new newspapers, relaxation of control over mainland publications, and the policy of allowing people to visit their relatives on the mainland.

Taiwan Lifts Ban on PRC Trade Information
OW010821 Beijing XINHUA Domestic Service
in Chinese 1528 GMT 25 Feb 88

[Text] Hong Kong, 25 Feb (XINHUA)—According to Taiwan's "CHUNG KUO SHIH PAO" report, Taiwan's economic and trade authorities have decided to lift the ban on economic and trade information on China mainland and let Taiwan's businessmen and people read relevant materials.

In view of daily increasing economic exchanges and trade between Taiwan and the mainland, some economic and trade organizations in Taiwan earlier requested economic and trade authorities to lift the ban on economic and trade information on the mainland. Taiwan's economic and trade authorities recently expressed their consent in an official reply.

Taiwan Further Relaxing Policy Towards Mainland
HK021325 Hong Kong ZHONGGUO TONGXUN SHE
in Chinese 1405 GMT 29 Feb 88

[Roundup By Reporter Kai Wen (0418 2429): "Taiwan Further Relaxes Its Policy Toward Mainland China"]

[Text] Hong Kong, 29 Feb (ZHONGGUO TONGXUN SHE)—According to the Taiwan newspapers, after the Standing Committee of the Central Committee of the Kuomintang [the Nationalist Party] passed "The Measures Governing Party Members and Cadres Going to the Mainland To Visit Relatives," yesterday, the Taiwan authorities promulgated the tentative measures governing civil servants going to the mainland to visit their relatives. According to these tentative measures, if civil servants at and above the rank of section chief want to go to the mainland to visit their relatives, they first have to submit applications; if civil servants below the rank of section chief want to go to the mainland to visit their relatives, they only need go through the formalities set for ordinary people.

These are the two important supplementary regulations promulgated by the Taiwan authorities with regard to the question of Taiwan people going to the mainland to visit their relatives. The Taiwan authorities officially lifted the ban on Taiwan people going to the mainland to visit their relatives last October. Last year, Taiwan's

"Interior Ministry" submitted a "Plan on Visiting Relatives" to the Standing Committee of the Central Committee of the Kuomintang for discussion and approval. The "Plan" was later approved by the Standing Committee of the Central Committee of the Kuomintang. According to this "Plan," servicemen and civil servants were banned from going to the mainland to visit relatives, which caused resentment among many party members, cadres, and civil servants in Taiwan.

Four months have passed since the Taiwan authorities officially lifted the ban on people going to the mainland to visit their relatives and allowed the Taiwan people to go to the mainland to visit relatives. So far, nearly 20,000 Taiwan people have gone to the mainland and have visited their relatives on the mainland. It has been learned that another 30,000 Taiwan people have applied to go to the mainland to visit their relatives and are currently going through the relevant procedures. All sides have welcomed the Taiwan authorities' decision to lift the ban on Taiwan people going to the mainland to visit their relatives. Wu Po-hsiung, "interior minister" of Taiwan, explicitly said at a press conference held by Taiwan's Information Bureau on 8 January: "Two months have passed since the ban on people going to the mainland to visit their relatives was lifted. The initial appraisal of the new policy has shown that the new policy has positive significance." The two above-mentioned supplementary regulations concerning the Taiwan people going to the mainland to visit their relatives have at least proved that the lifting of the ban on Taiwan people going to the mainland to visit their relatives is considered as "having more advantages than disadvantages."

Another piece of news that is concerned with the two above-mentioned supplementary regulations is that last Tuesday (23 February), the Mainland Work Commission under the Kuomintang Central Committee submitted "The Draft Policy of the Party Toward the Mainland During the Present Period" to the Kuomintang Central Committee. It has been learned that when the "Draft Policy" was discussed at a meeting held by the Kuomintang Central Committee, the participants believed that besides lifting the ban on people going to the mainland to visit their relatives, the authorities should also formulate measures to allow people to go to the mainland on sightseeing tours or in order to carry out indirect trade with the mainland. The authorities should also allow people on both sides of the Taiwan Straits to attend international academic and athletic activities held both on the mainland and in Taiwan. Only by doing things this way will the authorities be able to keep abreast of the developments of the situation.

All this has no doubt demonstrated that there has been a tendency to reduce restrictions on Taiwan people going to the mainland to visit their relatives. The Taiwan authorities will further reduce restrictions on Taiwan people going to the mainland to visit their relatives. It is expected that the contacts between the people living on both sides of the Taiwan Straits will gradually increase,

expand, and be legitimized. Through increased contacts, the people living on both sides of the Taiwan Straits will certainly be able to deepen their understanding and achieve more common understanding between each other.

Taiwan Politicians Call for Contact With Mainland
HK021517 Beijing ZHONGGUO XINWEN SHE
in Chinese 1300 GMT 1 Mar 88

[Report: "Twelve 'Legislative Yuan' Members With KMT Party Membership Make a Joint Appeal Urging Taiwan Authorities To Begin Contacts, Communication, and Exchanges With Mainland China"—ZHONGGUO XINWEN SHE Headline]

[Text] Hong Kong, 1 Mar (ZHONGGUO XINWEN SHE)—"Reports from Taipei said that 12 'Legislative Yuan' members with KMT party membership yesterday issued a statement urging the Taiwan authorities to 'fearlessly begin contacts, communication, and exchanges with the mainland.' This statement was issued on the eve of the general interpellation of the current (81st) session of the Taiwan 'Legislative Yuan.'"

The statement said: "Reform and opening up is our only choice. To start reform we must not conceal our weak points for fear of criticism; and to open the island up we must break away from all taboos and falsehoods." The statement urged the authorities "to face reality squarely and not to turn a blind eye to the fact that Communist China has been accepted by the international community, to bravely get rid of their 'self-established court' and 'communist-phobia complex,'" and thus "fearlessly begin contacts, communication, and exchanges with the mainland." The 12 signatories declared in their statement that they hoped that such a strategy could lead to "a change in the CPC's four cardinal principles."

These 12 "Legislative Yuan" members with KMT party membership were Chao Shao-kang, Li Sheng-feng, Lin Shih-chi, Tsai Chung-han, Sun Sheng-chih, Liu Hsing-shan, Lin Yuan-lang, Hong Chao-nan, Huang Shu-chang, Huang Chu-wen, Chen Shih-yong, and Chang Chien-hua.

Taiwan Studies Allowing Film Shooting on Mainland
OW021407 Beijing XINHUA Domestic Service
in Chinese 1549 GMT 27 Feb 88

[Text] Hong Kong, 27 Feb (XINHUA)—According to Taiwan's newspaper reports, the "Motion Picture Affairs Department of the Government Information Office" in Taiwan is studying actively the issue of allowing filmmakers to go to the mainland to shoot outdoor scenes for movies that have nothing to do with politics. Barring the unforeseen, the Kuomintang authorities will officially

announce the decontrol over such activities around May this year when they will make a comprehensive review of their overall "mainland policy."

The reports say that the policy in dealing with the movie stars going to the mainland for film shooting and the films and videotapes made on the mainland will follow the pattern of the current policy on relative visitations, that is, a "one way" measure will be adopted. The possibility of "exchange" will be considered after a certain period on the basis of an examination of the effects of the initial policy.

Taiwan Relaxes Control Over East Europe Trade
HK021301 Beijing XINHUA Hong Kong Service
in Chinese 0317 GMT 25 Feb 88

[Report: "Taiwan Will Relax Its Restrictions on Trade With East European Countries"]

[Text] Hong Kong, 25 Feb (XINHUA)—The economic and trade department of the Taiwan authorities is planning to further relax control over trade between Taiwan manufacturers and East European countries. Trade with East European countries except the Soviet Union and Albania will be managed in the same way as direct trade with other countries.

Since 1980, the Taiwan authorities have allowed manufacturers to conduct indirect trade with the Soviet Union and other eastern European countries, but such trade was still subject to strict control in many aspects. For example, the import of consumer goods from these countries was not permitted. Recently, in order to diversify the export markets, the Taiwan authorities relaxed the restrictions on trade with the Soviet Union and other eastern European countries. Not long ago, the Taiwan authorities lifted the ban on importing consumer goods from the Soviet Union and other East European countries. Now, the Taiwan authorities are planning to allow manufacturers to conduct direct trade with seven eastern European countries, namely the GDR, Poland, Yugoslavia, Czechoslovakia, Romania, Hungary, and Bulgaria.

Hong Kong

Council Not To Pay Emergency Defense Costs
HK020811 Hong Kong HONGKONG STANDARD
in English 2 Mar 88 p 1

[By Wilson Wong, Tonny Chan and Justin Dear]

[Text] Hong Kong will not pay anything towards its defence costs from next month unless Britain eases its stand on sharing the bill.

The Executive Council [Exco] decided yesterday not to vote any emergency funds to make payments after the present Defence Costs Agreement expires at the end of this month.

And the budget to be presented by Financial Secretary Piers Jacobs today, under the heading "Defence", will have the word "no", sources said yesterday.

"From April, the total costs of garrison here will be met by the British," said one.

Mr Brian Cousins, the leader of the British team in the dead-locked cost-sharing talks, flew home last night declaring that London was used to dealing with such problems, and the troops would be paid at the end of this month.

But he said he was optimistic an agreement would be reached.

Mr Jacobs, who heads the Hong Kong team, reported to the Executive Council yesterday on the talks, the most recent of which ended on Monday.

In a 90-minute discussion, Exco decided to maintain the Government's position, in which Hong Kong has offered to shoulder 60 per cent of the cost of maintaining the 9,000-strong British garrison between now and 1997, instead of the present 75 percent.

The council discussed an emergency fund to deal with any unexpected requirements, which Mr Jacobs described as just "a kind of accounting procedure".

But Exco decided not to ask Legco's [Legislative Council] Finance Committee to allocate any money to serve as an emergency fund," said a source.

"Unless the British move from their position, Hong Kong will stick to its proposal and no payment will be made to the United Kingdom from next month."

The Financial Secretary can allocate sums up to \$2.5 million. Any more needs Finance committee approval.

There is no provision in the current defence pact that would require Hong Kong to pay Britain if a new agreement is not reached before the first expires.

The bill came to \$2 billion this financial year, with Hong Kong's share \$1.5 billion.

The British team has proposed that Hong Kong pay 65 percent initially. Costs for both would change in succeeding years according to a sliding scale.

Hong Kong wants a reduction in its share because it will have to take over security duties from the British as 1997 approaches.

The territory will continue to pay some \$70 million to civilian contractors for the normal maintenance of the garrison here.

This sum will appear in the budget prepared by Mr Jacobs, but the word "no" will be under the subheading "Defence".

After the Exco meeting, Mr Jacobs mentioned the possibility of meeting British officials to discuss the defence matters when he goes to London next week.

But the sources considered the chances of his coming to an agreement while he is in London to be slim.

Speaking at Kai Tak Airport before flying to London last night, Mr Cousins said he was optimistic that a new pact would be reached in time.

"Discussions will take place in London as a result of my report and no doubt there will be discussions in Hong Kong," he said.

Exporters Concerned Over U.S. Trade Figures
HK020819 Hong Kong HONGKONG STANDARD
in English 2 Mar 88 p 1

[By Mark Symonds]

[Text] Recent U.S. trade figures and the country's falling personal consumption could spell disaster for Hong Kong exporters, despite the local belief that the territory is still in a relatively good position.

And an Industry Department spokesman said yesterday the real growth in Hong Kong exports for 1987 had been 22 to 23 percent, but that would probably drop to eight percent this year.

The U.S. is Hong Kong's major export market. But Americans are cutting back their personal consumption—and that could have a significant knock-on effect for local exporters.

Recent figures from the U.S. show that, after adjustments for inflation, personal consumption fell 3.1 percent in the fourth quarter last year, reversing a 5.4 percent rise in the third quarter.

One U.S. analyst said U.S. consumer spending started slowing down about a year ago and this would continue.

The U.S. Commerce Department says Hong Kong exports to the U.S. fell from US\$1.1 billion in November 1986 to \$900,000 million last November, while exports from South Korea and Singapore rose.

Hong Kong's exports to the U.S. in the first 11 months of last year were 11 percent higher than the same period in 1986.

But the same comparison shows bigger increases for our Asian neighbours: 31 percent for South Korea, 28 percent for Singapore, and 23 percent for Taiwan.

And the cost of Hong Kong goods has not risen because the Hong Kong dollar has been tied to the U.S. dollar since 1983.

In contrast, the new Taiwan dollar is worth 42 percent more than it was in September 1985, the Singapore dollar is 10 percent better off, and the Korean one eight percent.

U.S. consumers paid 14.8 percent more for imports last year, mainly because the greenback lost an average 12.6 percent of its value.

Any major effects of the stock market crash in October are also yet to be felt.

In October, Hong Kong's order books were full for the following six months. But, as the Industry Department spokesman said, feedback from the manufacturing industry indicated that orders probably would fall off in the latter half of this year.

He also said that most of Hong Kong's exports were necessities—clothing, for example—and not luxury items, which were more likely to be affected by a cut in U.S. consumer spending.

The Assistant Director of Trade, Mr Christopher Jackson, said there were fewer advance orders than before the October debacle and a downturn was expected later this year, but the recession that had been feared after the crash was unlikely to happen—at least during 1988.

Local XINHUA Vice Director Appointed to CPPCC
HK010834 Hong Kong SOUTH CHINA MORNING POST
in English 1 Mar 88 p 3

[By Chris Yeung]

[Text] China's number two man in Hong Kong, Mr Zheng Hua, has been appointed as a new local deputy to the national committee of the Chinese People's Political Consultative Conference (CPPCC), the country's main advisory body.

Mr Zheng is the most senior vice-director of the NEW CHINA NEWS AGENCY in Hong Kong (NCNA) now under the leadership of Mr Xu Jiatun.

Mr Xu has recently been elected as a Guangdong deputy to the National People's Congress (NPC), China's nominal parliament.

The new appointment of Mr Zheng, 58, meant the two most senior officials of China in Hong Kong are among the local delegations to the NPC and CPPCC which are certain to play an increasing role in improving Sino-Hong Kong ties in the run-up to 1997.

The new CPPCC line-up is expected to be announced in about a week.

Unlike local NPC deputies who are elected by the Guangdong People's Congress, local representatives to the national committee of the CPPCC are appointed by its standing committee through nominations made by the NCNA in Hong Kong.

Several younger members are expected to replace some veteran members who are either too old or are no longer involved in Hong Kong affairs.

These included former first director of the NCNA, Mr Wang Kuang and former deputy director, Mr Chi Feng, who retired to Beijing.

A former CPPCC standing committee member, Mr Henry Fok Ying-tung, who has been elected a new NPC delegate is to relinquish his post in the advisory body.

Actress Miss Shek Wai, a former NPC delegate, is likely to be appointed a new CPPCC delegate following the election of television idol Miss Lisa Wang Ming-chuen to the national legislature.

The first plenary of the seventh session of the NPC begins on March 25 while the first full meeting of the seventh CPPCC session is expected to begin two days earlier.

Macao

Sino-Portuguese Land Group Meets in Macao
OW011208 Beijing XINHUA in English 1117 GMT
1 Mar 88

[Text] Macao, March 1 (XINHUA)—The first meeting of the Sino-Portuguese land group ended here today.

The land group has been set up to deal with land leases and related matters in accordance with the Sino-Portuguese Joint Declaration on the Question of Macao.

Chief Chinese representative Zhang Xianglin and chief Portuguese representative Joao de Deus Ramos announced a statement in Chinese and Portuguese respectively at a press conference after today's session.

The statement said, the first meeting of the Sino-Portuguese land group was held from February 29 to March 1, 1988.

Identity of views was reached in principle on the working procedures of the land group at the meeting, the statement added.

Primary views were also exchanged at the meeting on the Macao Government's plan for 1988 land leases, including land for giant construction projects.

The meeting was held in a friendly and frank atmosphere.

Time for the next meeting will be fixed through consultation.

Portuguese Firms Invest More in Macao
OW020516 Beijing XINHUA in English 0811 GMT
1 Mar 88

[Text] Beijing, March 1 (XINHUA)—Portuguese firms have been flocking into Macao to start factories or buy shares since the signing of the Sino-Portuguese joint declaration on Macao last April.

The Portuguese companies, mostly state-owned, are involved in almost all large construction projects the Macao authorities have planned, the journal, "FINANCIAL TIMES," reported.

These firms have signed a contract with Macao authorities to build a wharf which will require an investment of 160 million Portuguese escudos and a refuse incinerator which will cost 350 million.

Plans are also in the works for the Macao International Airport, a deep-water wharf and Macao's second across-the-sea bridge.

With a letter of intent already signed, the Portuguese Electric Power Company will supply 60 percent of the shares for the Macao Electric Power Company by the end of this year.

The Portuguese State Investment Bureau plans to exchange its shares in a Portuguese water works for a French company's shares in the Macao water works.

The bureau, which manages 80 enterprises and boasts registered capital of 1.6 billion Portuguese escudos, intends to help manage Macao's public transportation system and run a slaughterhouse.

END OF

FICHE

DATE FILMED

34 March 1988

